# FINANCIAL TIMES

Today's survey

Investing in Central and Eastern Europe

Separate section



**Bill Gates** 

Surfing via the TV



FRIDAY APRIL 11 1997

Still hope amid the gloom



FT WEEKEND The enemy within

TOMORROW

World Business Newspaper http://www.FT.com

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#### **Dutch to meet Arafat in Mideast** peace mission

Dutch foreign minister Hans van Mierlo Will today meet Palestinian leader Yassir Arafat as part of a European Union effort to help put the Middle East peace process back on course. The mission was announced by Dutch prime minis-ter Wim Kok after a meeting in The Hague with his Israeli counterpart, Benjamin Netanyahu.

Brussels set to back BT-MCI link: The European Commission is demanding only two substantial concessions from British Telecom-munications and MCI, the US long distance carrier, in return for approval of a \$20bn merger that would create the world's second largest telecoms group. The deal also must be cleared by US competition authorities. Page 21

Moscow moves towards using tender:



Russia's first deputy prime minister Boris Nemtsov, left, is expected to begin meetings with government departments on the new policy that all procurement will be conducted through an open tender process. President Boris Yeltsin announced the policy,

to start May 1, as part of his war on government corruption. Nemtsov, his first lieutenant in the campaign, is former governor of Nizhny Novgorod, Page 16

Ran government dares rival: India's United Front government threatened fresh elections by daring the Congress party to side with its political enemy, the Hindu revivalist Bharat iya Janata party, in a confidence vote today. Recent by-elections and opinion polls suggest elections would inflict further losses on Congress and could deliver victory to the BJP.

Sheikh sets up Gaza food aid: The sheikh of the United Arab Emirates, Zayid ibn Sultan, has set up a \$3m fund to provide food to needy Palestinians in the Gaza Strip.

Sears Roebuck, the second biggest US retailer, will repay an estimated \$125m to bankrupt customers after admitting it had failed to follow proper legal procedures when pursuing them for their debts. Page 17

Chrysler reaffirmed its position as the smallest but most profitable of the "Big Three" US carmakers by announcing record profits for the first quarter. Pre-tax profits rose 2 per cent to \$1.7bn as sales climbed 8 per cent to \$16.1bn.

Adidas, the German sportswear group, reported a steeper than expected rise in firstquarter sales and disclosed that the Belgianbased investment company Sogedim will sell its 26 per cent minority shareholding - worth about DM2bn - to Adidas directors and outside investors. Page 17

Albanian 'king' going home: In the midst of violence and political strife, the heir to Albania's monarchy, the self-proclaimed King Leka, is expected to visit his homeland this weekend. Leka left Albania with his father, King Zog 1, in 1939 when only three days old. He was never officially crowned.

'Charing Cross' author dies: Helene Hanff, whose book 84 Charing Cross Road captured the hearts of thousands, died in New York. She was 80. The book was based on her transatlantic correspondence with an antiquarian bookseller in London from 1949 until 1969, when the bookseller, Frank Doel, died. It was made into a play and then a film with Anne Bancroft and Anthony Hopkins.

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# EU adopts tougher attitude over Iran

German court verdict links Tehran to Berlin murders

By Frederick Stüdemann in Berlin and Lionel Barber

The European Union last night suspended its policy of "criti-cal dialogue" with Iran and urged member states to recall their Tehran ambassadors for consultation following a German court verdict linking high-ranking Iranian officials to the murder of four Kurdish opposition figures in Berlin five years ago.

The decision, made at a meeting of senior diplomats from the 15 EU member states, brings Europe into closer line with the US, which has lobbled the EU to take a harder line toward Iran, and raises the possibility that EU members may have to take tougher measures, even at the expense of commercial interests.

Officials in Brussels conceded yesterday that the Berlin court verdict meant the EU would have to live up to earlier promises to combat terrorist activity "in all its forms

and whatever its source". The European Commission fears that a weak reaction could complicate efforts to defuse tensions with Washing-ton over the D'Amato Act, which threatens sanctions against European oil companies making new investments

in Iran and Libya. The verdict of the Berlin court, which convicted four men of killing the opposition figures on the orders of Tehran, was welcomed by the US State Department as a vindication of its long-standing suspicions that the Iranian government has been involved in

sponsoring terrorism. Mr Nicholas Burns, US state department spokesman, said: The United States commends the courage of tha German prosecutor, the German judges and tha witnesses . . . Wa are

confident that the verdict was based on the objective evaluation of the evidence."

Germany expelled four Iranian diplomats and said it would recall its ambassador from Tehran. Iran matched that move by expelling four German diplomats and recalling its ambassador to Bonn.

The court sentenced two men, an Iranian and a Lebanese, to life imprisonment for their involvement in the killings. Two other Lebanese men were sentenced to 11 years and five years and three months imprisonment while a fifth man was found not guilty.

The court shied away from explicitly naming Iran's leaders. But in a clear indication of whom it believed to be responsible it said that the order to assassinate the four men members of the opposition Democratic party of Kurdistan - at a Berlin restaurant in 1992 came from the "Committee for

Special Operations". The court noted that the committee's members included the Iranian president Akbar Hashemi Rafsanjani, Mr Ali Fallahian, the secret service minister, Mr Ali Akbar Velayi, the lorei the country's spiritual leader Ayatollah Khamenei.

The German foreign ministry registered its "great consternation" at the court's verdict, adding that the involvement of Iranian officials constituted a "flagrant

breach of international law". Iran's ambassador to Germany was yesterday sum-moned to the foreign ministry where he was reminded by Mr Klaus Kinkel, foreign minister, of guarantees given earlier this week by Iran that German citizens living there would not be put in jeopardy by the verdict.

Dialogue on hold, Page 5



Britain's Labour party leader Tony Blair is mobbed by children while on the campaign trail for the May 1 general elections yesterday. Election reports, Page 10; Philip Stepbens, Page 14

# Glaxo optimistic on hepatitis drug trials

long-term high doses showed

16 per cent the virus could not

worst affected. Normally sub-

to be detected.

By Daniel Green

More than 300m carriers of hepatitis B, one of the world's most widespread diseases, could enjoy a new treatment from 1999 following "extremely encouraging" trial results drug to medical regulators in

announced yesterday. The drug, lamivudine, is being developed by the UK's largest drugs company Glaxo Wellcome and is in its final large-scale trials before submission to medical regulators

later this year. If it is approved sales could reach \$1bn a year by 2005. according to forecasts by stockbroker Lehman Brothers.

Hepatitis B is a virus infection that progressively dam- in the way drugs are in the ages the liver and can remain active in the body for many

About 95 per cent of carriers are in the developing world . especially Asia. Glaxo said a one-year trial of 358 Asian patients with

chronic hepatitis B in Hong

way around because of the relatively low bealth budgets in developing countries. This leaves their regulators to fol-

the drug will be sold.

low the decisions of their western counterparts. Glaxo is also in talks with Asian governments about how

This drug will not be sold west," said the company. "We are working with the Chinese

the distribution of lamivu-

Kong, Singapore and Taiwan dine." Glazo warned that the latest results did not offer "definitive conclusions" about found that 67 per cent on the drug. Trials are still underimproved liver health, and in way and the drug will not be submitted to regulators until they are completed.

Glaxo plans to submit the This did not deter fans of the Asia first because it is the area drug's commercial prospects. "Glaxo wouldn't be investing missions are made the other all that effort into this drug if they did not believe it was worth at least \$500m a year. said one analyst.

Lamivudine was invented by Biochem Pharma, the Canadian biotechnology company and is already used against Aids under the name Epivir.

Glaxo is likely to face competition over the next few years. Rivals working on their own hepatitis B drugs include SmithKline Beecham of the US government, for example, on and Gilead, s Californian biotechnology company.

### Rubin expresses worry over dollar's rise against yen

By Gerard Baker in Washington and Simon Kuper in London

Mr Robert Rubin, the US treasury secretary, yesterday expressed concern for the first time over the sharp rise in the value of the dollar against the

yen in recent months. Mr Rubin was responding to remarks by Japanese officials that the yen had fallen too far and too fast, and that the authorities in both countries

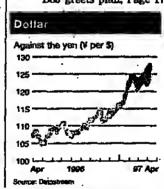
might act to stop it. Mr Rubm did not comment on the possibility of formal intervention and repeated his familiar formula that the US continued to favour a strong dollar.

"Over time, exchange rates generally reflect fundamentals and the fundamentals of the US economy have been relatively strong for the past four years," be said in a statement. But be added: "We share the concern expressed by the Japanese anthorities last night about recent movements in

the yen, because of the impact on Japan's external surplus." The dollar, which had risen 4 per cent in the past week, fell in expectation of Mr Rubin's statement. But after he spoke, the US currency railied on market relief that he had failed to endorse Japan's intervention plans. The dollar closed Y0.5 down in London at

Mr Peter von Maydell,

Continued on Page 16 Companies admit to wrongdoing, Page 4 Lex, Page 16 BoJ greets plan, Page 17



### Beijing moves to drive ahead with state sell-offs

By James Harding in Shanghai

China is to allow state-owned enterprises to issue Yn4bn (\$482m) in convertible bonds as part of the drive to reform loss-making atate industries and transfer flagship compa-

nies into private ownership. Leading state enterprises not yet listed on the markets will be invited to issue convertible bonds "in order to help the development and reform of state-owned companies and solve the problem of lack of capital", the government said

yesterday. Shanghai analysts were encouraged by the announcement, with one foreign investor describing it as "a sideways move towards privatisation".

The anthorities are to select some of "China's 500 key companies", the largest stateowned enterprises, to issue convertible bonds. Most of China's 500 largest enterprises have not listed on the stock markets but Beijing has been edging towards passing partial ownership to Chinese share

urban employment and about one third of industrial production.

However, a large proportion lose money and China's capital markets provide an avenue for the government to raise funds to pay off debts. Until now only a handful of small stateowned enterprises have been allowed to issue convertible

The brief statement in the Shanghai Securities News, the official financial daily, did not clarify at what price the bonds would be converted, given that the companies allowed to perticipate are all unlisted and hold no traded shares.

Mr Richard Graham, head of ING Barings in Shanghai, said with a more commercial approach to life, and debts

The companies account for are excluded from buying results".

about two-thirds of China's traded bonds and would be sceptical about buying a convertible bond without a clear idea of the likely conversion

> However, he said the Chinese were "definitely on the way towards privatising these companies. Local investors may well be interested in buying these convertible bonds even if they are converted into non-traded shares, like staff

> Many unlisted Chinese stateowned enterprises have offered their employees staff shares, which can pay dividends and hold the promise of a capital payout if the company floats on the stock exchange.

The announcement coincided with a commitment from the convertible bonds offered Mr Li Languing, China's vicethe government a way of premier, to "intensify the "keeping majority control, but reform of state-owned

enterprises". Speaking to the Internafinanced by someone other tional Chamber of Commerce meeting in Shanghai, Mr Li Mr Bruce Richardson, head promised the government of stockbrokers HG Asia in would "spare no efforts to Shanghai, said the issue would promote the experimentation not interest foreign institu- on modern enterprise systems tional buyers directly, as they so as to achieve tangible

#### **OPENING DOORS** to opportunity

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### than the state".

CONTENTS

Commodities ....

Gold Markets int. Bond Savice \_\_\_\_22 Namened Funds \_\_\_ 25-27 Share tribunation \_\_ 25,29

24 Bourses . investing in Europe. Seet I

LONDON - LEEDS - PARIS - PRANCEPORT - STOCKHOLM - MARKER - MEN YORK - LOS AMERIES - TORTO - HOME KOME

# Industry leaders close ranks over Fiat ruling

Italian businesses 'confident' Romiti and Mattioli will prove to be innocent of falsifying accounts

Italy's industrial establishment yesterday closed ranks around Mr Cesare Romiti, chairman of Fiat, as part of a growing lobby to resolve the judicial headaches facing Italian businesses over the illicit funding of political parties in the last decade

Mr Romiti and Mr Francesco Paolo Mattioli, Fiat's chief financial officer, were found guilty on Wednesday by e Turin judge of falsifying accounts for alleged political peyments and given

Italian employers' confederation. firm their innocence. His stateissued a statement saying it was ment suggests that Mr Romiti know full well that for many confident that Mr Romiti and Mr will remain chairman until his enterprises it was necessary to Mattioli would prove their inno- retirement next year. cence and emphasising "the cenproductive system".

Mr Giovanni Agnelli, Fiat's honorary chairman and patriarch of the car group's controlling its" of Mr Romiti. family, also backed the two top executives saying he was confi-

tral role Fiat and its top manag- head of Confindustria, said the and Mr Mattioli's defence is that ers play in the country's sentences did not take into they were not aware of the account the political environ- alleged accounting irregularities ment Italian businessmen have committed by some of the had to work in, or the "huge mer-

mer prime minister and media the discrepancy between the

are appealing. Confindustria, the dent the appeals court would contycoon under investigation himself, said: "I am sorry because I make these payments to be able Mr Sergio Pininfarina, a former to go on working." Mr Romiti's group's more than 1000 subsidiaries. Mr Vittorio Chiusano. Mr Silvio Berlusconi, the for- Fiat's lawyer, bas also insisted on

alleged political payments made by Flat. The alleged sum of around L20bn to L30bn (\$12m-\$18m) appeared irrelevant compared with the group's annual turnover of L78,000bn (\$46.49bn), Mr Chiusano argued.

A member of Mr Berlusconi's Forza Italia rightwing opposition overstepping their mark. party yesterday revived a proposal to change the law to make falsification of balance sheets an

severity of the convictions and administrative rather than crimithe relatively small amount of nal offence. Moves to amend the law have so far been blocked. The magistrates, who launched in 1992 the moni pulite - "clean hands" - campaign that uncovered widespread corruption and shook the political system, have vigorously defended their actions

against repeated accusations of

A leftwing union leader yesterday noted that many of the prob- metro between 1983 and 1992.

between politics and industry. There has been much discussion about the blame of our politicians but little over the faults of our industrial system," he added. Mr Romiti yesterday faced fresh problems. A Rome public prosecutor called for the Fiat chairman together with Mr Mat-tioli and Mr Umberto Beliazzi the former head of Fiat's Rome office, to stand trial over political bribery allegations connected with contracts for the Rome lems facing Italy today resulted Lex.: Page 16

### Prodi seeks unity with confidence vote

By Robert Graham

Mr Romano Prodi, the Italian prime minister, yes-terday began the uphill task of repairing damage caused by the split among the parties backing the centre-left troops to Albania.

To re-establish a sense of unity, he initiated a confidence debate on his government's programme.

Mr Prodi was instructed to do so on Wednesday night by President Oscar Luigi Scalfaro after the president rejected the idea of Mr Prodi offering his resignation after the government lost its majority on the Albanian

A confidence motion, proposed by the government, is a traditional means whereby The debate in both bouses of the chamber of deputies on

government will survive the (RC), who broke ranks and troops to lead a multinational mission to Albania, ments the vote of confidence

bring down the government. The somersault by the hard-line communists underlines their reluctance to bring ebout an early elec-

But it also emphasises the precarious nature of Mr Prodi's government's parliamentary majority.

Mr Fausto Bertinotti, the RC leader, while announcing his support for the confidence motion, repeated his objections to cuts in welfare spending and e reform of A shake-up of the welfare

system and removing the costly anomalies in the state pensions system are centrepieces of the government's budget strategy. Mr Prodi yesterday emphasised this point in seeking a vote of confidence. The essential weak governments seek to weakness of the governre-establish their majority. ment's position is the lack of any credible commitment by parliament will wind up in RC to compromise over pensions and welfare.

Yesterday deputies in the Commentators expect the Party of the Democratic Left (PDS), the dominant partner vote. This is because the in the government, voiced rehellious memhers of concern that the confidence Reconstructed Communism dehate was taking place without any prior attempt to opposed the despatch of force concessions from RC.

tinue its maverick role.

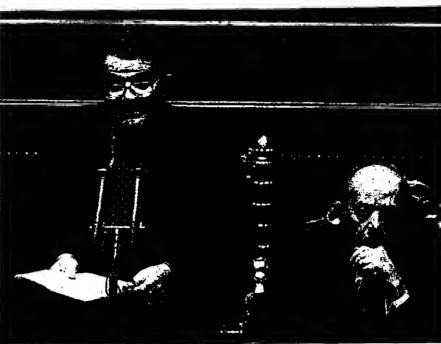
otti has refused to endorse the government's programme, and has successfully used the threat of withdrawing the support of his 35 deputies to extract conces

He has stalled privatisation, prevented welfare cuts in the original 1997 budget and obliged Mr Prodi last month to adopt a bland additional financial package.

It seems Mr Bertinotti's decision to break ranks with tha government over Albania owed much to his fear that the parliamentary commission on constitutional reform was moving towards a deal to eliminate completely proportional representation from the electoral system. This would mean small parties like RC being pushed off the political

Equally, the Albanian crisis has owed something to Mr Massimo D'Alema, leader of the PDS, deciding to take a stand against RC on an issue which was not liable to alarm the financial markets too much.

Unfortunately for the government, Mr Bertinotti appears to have won the



Romano Prodi, PM, addresses the senate as Lamberto Dini, foreign minister, looks on

AP reports in Tirana: The beir to Albania's monarchy is expected to visit his bomeland this weekend, the government said. Self-proclaimed King Leka, who left Albania in 1939 when he was three days old with his father, King Zog, plans to meet supporters and government officials in Tirana.

Mr Spartak Ngjela, justice minister, said Leka had valid identification papers, unlike

still to come. A small advance unit of ftalian troops will arrive in the port of Durres today to pave the way for the deployment of the multinational • The government had one security force in Alhania, the Italian news agency

defence ministry declined to strike following outline confirm details of the report scheduled to leave Italy hy

piece of good news yesterday

in 1993, when police refused to recognise his royal passport and turned him away during his first attempt to visit the country after the communist regime collapsed. He has lived in several countries, but since 1980 he has made his base in Sonth Africa in a suburb of Johannesburg. He is

an exporter of minerals and beavy machinery to the Middle East and Asia. day, and the showdown is ANSA said yesterday. The ers decided to call off a

talise the sector. Workers threatened the protest to highlight their anger over delayed wage deals and underfunded transport

### **Industry vents** fury at budget

The full wrath of Italy's business community was yesterday directed against the government in an unprecedanted "sit-in" staged in protest at economic policy, particularly measures in the recent mini-

More than 2,500 members of Confindustria, the industrialists' body, turned up at tha organisation's Rome headquarters to listen to a tough critique of govern-ment policy from Mr Giorgio Fossa, its president. Another 10,000 were linked into the proceedings via giant screens at 30 of Confindustria's regional centres.

The protest was called in the wake of the mini-budget. unvelled two weeks ago to hold Italy's budget deficit down to 3 per cent of gross domestic product this year one of the conditions for joining the proposed European single currency.

Though different in style it protest organised by the rightwing opposition in conjunction the national trad-

ers' association. budget which has most appeared to bear some fruit. angered confindustria would compel husinesses to pay in advance some of the tax on more companies from the

sions and social security contributions, which companies are obliged to set aside for paying employees on leaving their jobs.

The occasion broadened into a generalised ettack on what industrialists said was the government's lack of concern for the needs of business and its failure to introduce structural measures to tackle Italy's public sector deficit.

This reflected concern that two thirds of the spending cuts or fresh revenues in the three financial packages introduced by the government since taking office 11 months ago, are non-structural measures.

Mr Fossa accused the Mr Romano Prodi's government of "supinely" giving in to blackmail by unions and political parties, undermining Italy's ability to compete in the global economy, and joining the single currency:

The mood of Confindustria members at the meeting was followed e successful tax combative, and Mr Fossa called on the government to rethink the financial package, which has yet to be discussed in parliament. The The measure in the mini- tough at and yesterday The government hinted it would be willing to exempt

# Blockade of trans-Siberian to evade railway lifted

Russia's trans-Siberien Rbs9,600bn (\$1.7bn) and railway was back in action affected 74 of 89 Russian yesterday after being regions. blocked for 16 bours by miners protesting about not ing increasingly common as being paid, AP reports from

The miners, who lit a fire and anxiety. on the tracks near the city of Kemerovo, in soutbern Siberia, agreed to end the from Japan on the Pacific blockade shortly after midnight when senior mining officials promised them some of their back wages, according to the Itar-Tass news

agency. The blockade of the among the more dramatic of many such protests in receot signs of feiling bealth, mooths. Russians have grown increasingly despertinuing inability - or unwillingness - of the state and the private sector to pay their salaries. A teachers' union official said yesterday that more than 20,000 teachers were striking across Russia. More than 30 were on

hunger strike. Mr Vladimir Yakovlev, chairman of the teachers' saleries now totalled since November.

Hunger strikes are becomworkers look for dramatic

In the Russian Far East city of Nakhodka, not far coast, seveo doctors who have not been paid since January were in the fourth day of a hunger strike yes-

ways to register their anger

terday, Itar-Tass said. The six women and one man, who work for an ambulance service, were still working but were showing according to the agency. in the northern Russian

city of Arkhangelsk, 44 thermal plant workers on a hunger strike rejected an offer to pay them part of five months' back wages and decided to continue their

In the city of Yekaterinburg in the Ural mountains, 300 workers building a new subway tunnel refused to return to the surface for a mittee, said unpaid teachers' to have received no wages

# uses 'net' strike

By Andrew Jack in Paris

One of France's most radical newspapers yesterdey evaded a strike which immobilised the rest of the country's print media by publishing its entire edition on the Internet.

Libération, formed during the 1968 student riots and whose phone number ends with 1789 - the year of the French revolution - defied the communist-backed CGT print union by producing e computerised edition, boosting the normal selection of daily articles it publishes on the net into a full version of

More than 50 French national and regional papers were not distributed yesterday after a one-day stoppage called to protest against reductions in government financial support to the press and television's growing share of advertising rev-

Humanité, the French Communist party's daily newspaper, which has its own Internet service designed to help swell the number of youthful supporters, did not update its computer site yesterday. Other newspapers with sites which rely on their printed product were also closed down.

Le Figaro, which does not have its own Internet site. contented itself with a statement from Mr Yves de Chaisemartin, its publisher, who is also bead of the Parisian press association, criticising the industrial action as counter-productive.

Mr Pierre Briancon, one of Libération's chief editors, said one of the challenges of producing yesterday's version was that the decision was made late on Tuesday, and a number of journalists had to be contacted et home to ensure they turned up on Wednesday to produce the computerised paper.

Libération has long been opposed to the CGT print union, and its article on the strike yesterday highlighted the internal divisions between its members about the action. By the end of yesterday afternoon, the daily Le Monde also came out with an Internet version containing several of its main

# Croats vote under western eyes

On Sunday's elections ride the government's hopes of progress towards full acceptance by the international community, writes Guy Dinmore in Zagreb

on Sunday, boping to pass another important milestone towards full acceptance hy the international community since independence from Yugoslavia in

The elections, for the upper chamber of parliament and municipal and regional councils, are seen as e test of President Franjo Tudiman's commitment to democracy and of his personal popularity. A presidential poll is expected as early as June 15. Internetional monitors will also be keeping a close watch on voting in eastern Slavonia, the last Serb-held enclave in Croetie Which will return to Zagreb's full control in a gradual process heginning about a month

after the elections. Tens of thousands of Croatian refugees driven out of the region by the Serbian-dominated Yugoslav army in 1991 are waiting to return to their homes. Diplomats say Mr Tudiman needs to demonstrate that he truly intends to pursue a policy of co-existence between the two hostile com-

Some commentators, such as Mrs Jagoda Vukusic, deputy editor of the independent newspaper Novi List, fear coherent coalition nationrenewed war in the region

roatia holds its first after the 5,000 United peacetime elections Nations troops withdraw, a process that could begin on July 15 unless their mandate is extended for a final six

months. In her view: "It's hard to expect a solution that will be very peaceful."

Croatian opposition leaders in the capital, Zagreh, eccuse Mr Tudiman's conser-Union (HDZ) of intimidation and of using its domination of state television to conduct a smear campaign. Some expect him to resort to fraud or to refuse to accept defeat in Zagreb, where his party is forecast to lose again. He rejected the opposition's nomination of mayor after

its victory in the 1995 polls. "The HDZ is capable of fraud. Some [members] have openly confessed to it to the past," said Mr Bozo Kovacevic, election manager of the Social Liberal party. "The most important question is whether the opposition is united enough to stop the fraud."

In Zagreb, the Liberals are in a loose alliance with the former Communists of the Social Democratic party (SDP) and two other smaller parties. But, by its own admission, the opposition is too fragmented to form a



Mr Zdravko Tomac, SDP. vice president, claimed the election campaign had been the dirtiest ever. The Constitutional Court had intervened to ban an HDZ television advertisement accusing his party of being "killers tion is also unhappy that Mr Tudiman's name is emblazoned et the top of every HDZ ballot paper although the elections are for local

Mr Zlatko Canjuga, a senior HDZ official and adviser to Mr Tudjman, dismisses accusations of fraud. "You don't have to be afraid of the HDZ not recognising the results. The HDZ is e



Opinion polls indicate the party has been badly damaged by accusations of widespread corruption during the process of privatising stateowned enterprises. Diplomats expect it to lose

in the big cities and e lower majority in the upper house of parliament but still emerge as the single largest party to Croatia with 20-30 per cent of the overall vote: This would compare with 45 per cent in parliamentary elections in 1995.

Mr Tudjman, who is 75 years old and is believed to have been treated for cancer in a US military hospital last popular politician. He is 18 months. We need an hailed as the father of the orderly return."

A Bosnian Serb mob in the. northern city of Bauja Luka and the police trying to protect the family, which was evicted, AP reports from Sarajevo. The city was a. Serb stronghold throughout Bosnia's three and a half year war and is the largest city in the Serb entity that makes up half the country. Mr Kris Janowski, of the United Nations High Commissioner for Refugees said it was the first time such an incident had happened in Banja Luka

newly independent nation. His support is especially strong among the 68,310 Croatian refugees who have regern Slavonie for councils to the abandoned and war-ravaged home towns to which they hope to return.

the international community that it can give equal treat-ment to the Serbs," said Mr Philip Arnold, spokesman for the United Nations Transitional Administration in eastern Slavonia.

"We've said to Tudiman can destroy in 24 hours what year, is still Croatia's most, we have achieved in the last

Renault stands by decision to close Vilvoorde plant following courts' decisions

# Belgian car strikers to return to work

By Neil Buckley in Brussels

Workers at Renault's factory in Vilvoorde, north of Brussels, will return to work on Monday after a six-week strike, in spite of the French carmaker's insistence that it will press ahead with plans to close the factory in July. All 3,100 workers at the

plant stopped work on February 27 when Renault announced the closure without warning, and have been blockading BFr5bn (\$145m) of finished cars in the fac-

return to work on Monday supported their call - or 68 followed court rulings in Bel- per cent of those voting gium and France last week with 853 against. But Vil- they technically remained

national and European tinue to blockade finished Union worker consultation laws when announcing the

The courts ordered Renault to suspend the closure process while it negotiated with workers over mitigating the effects of the closure and trying to redoce the number of job losses. Reneult has said it will challenge both rulings.

Union leaders, who have hailed the court rulings as a victory, believed their negotiating hand would be stronger if workers now returned Their vote yesterday to to work, and 1,868 workers

cars and will pursue their planned demonstrations against Renault's decision. Immediately after the vote. Renault workers travelled to

Factory workers plan to continue their protest demonstrations

Volvo's Belgian factory in Ghent to stage a protest. Unions have issued a legal challenge to Renault to pay the wages of workers during their six-week strike, since voorde employees will con- on the payroll throughout.

Renault's headquarters in Paris said yesterday it had sion to close Vilvoorde. Tha carmaker, of which

retains 47 per cent after partial privatisation last year, says transferring production of Clio and Mégane models to factories in France and in Belgium. Spain - where the same production will be achieved by

more than FF15bn. Renault's closure ann-

about 50,000 workers taken note of the workers' through Brussels - and fears decision, but this would over the consequences of have no impact on its deci- globalisation and the single market. It has also created concern about the control of the French government Belgian industrial interests by France - heightened by French company Alcatel Ball's announcement two weeks ago of 500 job losses

The merger due to be announced today of France's only 1,900 workers - will Lyonnaise des Eaux and save it FFr850m (\$147m) a Compagnie de Suez - which year. It announced its first loss in 10 years in 1996, of more than FPr5bn. owns 63 per cent of Bel-gium's biggest holding com-pany. Société Générale da Belgique - has also aroused ouncement has sparked a fears that Belgian industrial wave of protests in Belgium interests could be harmed.

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#### **EUROPEAN NEWS DIGEST**

### Schröder aims for the top

Mr Gerhard Schröder, Social Democratic prime minister of Lower Saxony, yesterday declared publicly that he wanted to be his party's candidate for chancellor in next year's German federal elections. Recent opinion polls show he would beat Chancellor Helmut Kohl, who last

week declared he would run again.
"The chancellor-candidature would be my dream," Mr Schröder said in a Stern magazine interview. "But the matter does not lie in my hand." He needs support from Mr Oskar Lafontaine, the SPD leader, who may wish to run himself.

Mr Schröder is the most senior German politician to challenge the country's cross-party consensus backing the plan for a single European currency in 1999. In a speech yesterday, he reiterated that if Germany could not meet the criteria for economic and monetary union, then delay would be sensible. The D-Mark was a symbol of post-war economic success. "Whoever takes it away must have a damn good reason," he said. Ralph Atkins, Bon.

#### Fugitive trader held in Paris

The former bead of a London-based currency trading scheme has been arrested in Paris. Mr Birger Ostraat fled Norway in December after losing his appeal against a seven-year prison sentence for misuse of client funds and related charges. The sentence was the stiffest ever

imposed in Norway for an economic crime.

Mr Ostraat's UK company, Effex International
Investment, took NKr104m (\$15m) in funds from private and professional investors in Norway, Britain and Sweden before it was wound up in 1995. Police found Mr Ostraat living under a false identity in a luxury apartment in the Champs-Elysées. Before extradition to Norway, Mr Ostraat may face charges in France relating to the passport on which he entered the country.

The investigation that led to Mr Ostraat's downfall began when he was arrested after being found with FFr1m (\$170,000) in his car on entry to Norway from Davrell Roberts, Stockholm

#### Rail crash drivers blamed

Two Spanish train accidents early last week in which 20 people were killed both happened because drivers disregarded signals, according to a report by the state-owned rail company, Renfe, which said it had started disciplinary proceedings. However, its version was challenged by the drivers' union, which blamed a breakdown in safety systems.

The company said a "rigorous" investigation had ruled out mechanical failure. The derailments, which both took place as trains were crossing points at more than 100kph above the prescribed limit, were the result of "human error", it said. Eibteen passengers died in a crowded four-carriage train near Pamplona and two were killed a few bours later on an overnight Barcelona-Málaga express northeast of Madrid. The company said that in the second accident an automatic signal warning system had apparently been Ignored.

#### MEPs spark oil industry ire

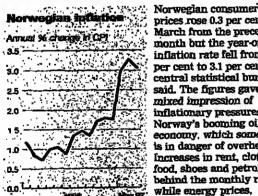
Europe's oil industry yesterday accused the European Parliament of disregarding both "sound science and value for money" after it voted in favour of a series of controversial environmental measures designed to clean

The amendments to a European Commission proposal for "greener" fuels and tighter curbs on car emissions would force the oil industry to change radically the quality of petrol and diesel fuels. Europia, the petrol industry association, said the measures would impose buge and unnecessary" costs and would shut refineries.

As the Commission drafted the original proposal, the amendments will go back there before being presented to the Council of Ministers. Ms Ritt Bjerregaard, the environment commissioner, has indicated that she would be unwilling to accept them. However, parliament has the power to throw out the final proposals if it does not like Emma Tucker, Brussels

**ECONOMIC WATCH** 

#### Inflation picture mixed



prices rose 0.3 per cent in March from the preceding month but the year-on-year inflation rate fell from 3.3 per cent to 3.1 per cent, the central statistical bureau said. The figures gave a mixed impression of inflationary pressures in Norway's booming oil-rich economy, which some fear is in danger of overheating increases in rent, clothes, food, shoes and petrol were behind the monthly rise. while energy prices. particularly electricity, declined. Annual inflation

remained well above the government's forecast 2.5 per cent level for 1997. Economists have warned that price increases could accelerate in coming months as wage increases have outstripped retail price increases. Real wage growth has been driven by sharply falling unemployment, which has produced labour shortages in some sectors. Gross domestic product growth is forecast to ease to about 3 per cent this year after averaging 4.5 per cent between 1994 and 1996. Grey McLoor. Stockho ■ Danish unemployment fell to a seasonally adjusted 8.1 per cent in February from 8.3 per cent in January.

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69 156 EQ, Pax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand,
Wilhelm J. Brussel, Colm A. Kemand as
Geschäftsfishere and in Loudon by David
C.M. Bell, Chairman, and Alan C. Miller,
Deputy Chairman, The shareholder of the
Financial Times (Europe) GrabH is Pearton Overseas Holdings Lumined, 3 Burlington Gardens, London, WIX ILE.
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ple, registered at the same address
GREMANY:

Responsible for Advertising content: Colin A. Kennard, Prinster: Hirrivet International Verlagagesellachaft mibli, Admiral-Rosendahl-Straus 3a, 61263 New Isenburg ISSN 0174-7763. Responsible Editor: Richard Lambert, do The Financial Times Limited, Number One Southwark Bridge, London SEI 9HL.

PRANCE:
Publishing Director: P. Maraviglia, 42 Rue
La Boisle, 75006 PARIS. Telephone (01)
5376 \$254. Fax (01) 5376 \$253. Printer
S.A. Nord Eclair, 1572 Rue de Caire,
F-59100 Roubaix Ceder I. Editor. Risbard
Lambert. 18SN 1148-2753. Commission
Parintire No 678680.

# Czech markets watchdog chief quits

Minister forced out after fierce criticism of department's handling of recent financial scandals

official responsible for regu- economic reforms". lating the country's capital markets resigned yesterday, bowing to intense criticism of his department's handling of recent financial market scandals.

The departure of Mr Viadímír Rudlovčák, a deputy finance minister and proponent of minimal oversight of capital markets, suggests the lost money. government is preparing to

The Czech government most visible failure of its acting against wrongdoing.

series of bank failures last year. Cases of alleged fraud in recent weeks at funds set up to invest in coupon privatisation have increased the clamour for change after people bave been arrested thousands of small investors since an independent investi-

Mr Rudlovčák and his offirevisa its anti-regulation cials have been blamed for

The alleged frauds, most The need for tighter regu- prominently at the Trend lation of tha financial sector and CS funds, were reportbecame apparent after a edly caused by managers transferring assets abroad after gaining control of the management companies that ran them. in the Trend case, several

gation got under way last October. The fund's main asset, a controlling interest

to a Cyprus-registered com-

in the CS case the finance ministry is claimed to have failed to block the transfer of some Kc1.2bn (\$42m) abroad despite being alerted that the transaction was susplclous. The money is now

Czech Value Fund, which bas about \$10m invested in

stance, which one analyst not monitoring activities at in Prague's flagship depart. Trend, said CVF "reserved financial markets and bankdescribed yesterday as "the the funds and for delays in ment store, has been traced the right to file legal action ing at the ministry, who

> According to a finance being traced. Mr Rudlovčák's resignation came as Mr John Mofthe capital markets supervisensus yet on whot role the

fitt, a representative of the sion section. Mr Jiří Spička, director of ready.

against the state" over the ministry's bandling of the

ministry statement yesterday. Mr Rudlovčák claimed in his resignation letter that there was a "media cam- Prague stock exchange is paign" against himself and the ministry which had share prices are in a long

faces the task of restoring credibility to its securities watchdog role ahead of the establishment of a planned independent commission

Poor regulation of the one of the main reasons why new commission should He has been replaced by have or when it will be

### Romania to liquidate 10 big loss-makers

By Anatol Lieven

Romania is to liquidate 10 large state-owned enterprises and 20 state farms, which together accounted for 7.5 per cent of the

The announcement comes as the International Monetary Fund and the World Bank consider tha new government's requests for belp in radical restructuring programme. Closure of loss-making companies is high on the list of both bodies' conditions for lend-

It also coincided with official fig- two weeks compuisory leave ernment's list, one of them ures showing that inflation soared in March to a record monthly rate of 30 per cent. This is a result of the government's liberalisation of prices and, to a lesser extent, of higher public spending by the previous administration before last November's parliamentary elec-

The resulting decline in Romathat it was sending many of the to their own benefit. workers at its Craiova car plant on

because of a steep fall in domestic

Closure of the 10 plants, expec-ted heavy redundancies in associated businesses, and inflation could combine to raise social tension. This week 6,000 workers from the giant Roman lorry plant in Brasov went on strike. They blocked the main road to the capinians' spending capacity is hitting tal, Bucharest, in protest at lack of some companies hard. Daewoo, the state support, and claimed that higgest overseas investor in some managers were privatising Romania, announced this week the profitable parts of the factory some managers were privatising

Two refineries are on the govis the responsible body, has not

Petromidia, which is the country's biggest. Cutting refining capacity, which was inflated to 28m tonnes a year under the Ceausescu dictatorship, has long been urged by international financial institu-

Other casualties include the Chitila brewery in Bncharest. However, there were donbts yesterday wbether the government

the companies and selling their viable elements.

had a detailed plan for liquidating

The State Property Fund, which

been available for comment on the list, which was said to have been drawn up by the economic reform ministry and issued by Mr Victor

Clorbea, the prime minister. The Romanian media have been full of statements by the enterprise directors that rescue packages are in place. One of them. the Tomistex textlles plant in Constanta, is claiming that it was privatised by auction several weeks ago and should not be on the list.

Backed by the parliamentary opposition, some of the companies may be preparing to challenge the

### DYNAMICS OF BANKING IN UZBEKISTAN

economic stability, Uzbekistan is the only CIS country that has achieved a level of industrial output that exceeds that of 1991, the year of independence and keeps financial reserves that at present cover seven months of import.

As the world's sixth largest producer of gold and the third largest producer of cotton, Uzbekistan plays an important role in the international commodity markets.

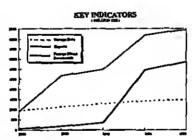
The successful start of the

transformation of the economy was made with the privatisation of state owned enterprises, annihilation government controlled economic monopolies and the consequent formation of a private sector allowing for private property in all areas of economic life. Today, 83% of all enterprises belong to the private sector and produce more than 70% of the total

positive results achieved during foreign market. encouraged

GDP.

reforms it has to be in many priority sectors of Foreign level of political and investments have been made in the country by BAT, who have taken over the complete tobacco industry of Uzbekistan.



car manufacturing plant, Case (agricultural equipment) and Mercedes Benz, indicating the new communications Uzbek economy.

control of a Central Bank reforms of the economy. that sets strict guidelines where solvency and liquidity are concerned. The Uzbek government sees an important role for of foreign investments bank is to and facilitation of the locomotive the further transition of the transformation of privatisation process have economy into a free economy and development development of electronic

was established by the CIS today. Uzbek government in 1991. Under dynamic and professional management the NBU is the main recipient of credit lines extended by financial institutions such as the EBRD, OECF, IFC, ADB, and the export credit agencies of the United States, Japan, Germany, United Kingdom, France, South Korea, Belgium,

Daewoo with a large During 1996 the NBU Both in 1995 and 1996 the served Newmont Mining, Londro totalling 2,900 Million the most reliable bank in (gold mining), ABB, US\$ for the financing of the world, a position that Texaco (oil lubricants), 74 major development is not expected to change projects in mining, in 1997. At the Annual manufacturing, industrial potential of the infrastructure improvement.

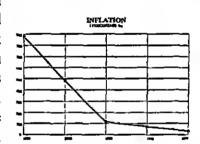
Switzerland and Turkey.

More than sixty percent of Part of the economic the loan portfolio consists success has been the of medium to long term development of a stable loans which indicates banking sector under the commitment to structural

> A further 3,000 Million US\$ worth of projects are present consideration.

the banks in the attraction "The main task of our provinces of the country in Uzbekistan" says Dr. banking countrywide.

If any country in the investors to engage in The main role in this Rustam Azimov, the former USSR can prove manufacturing and the respect is being fulfilled Chairman of the Board of the success of economic creation of joint ventures by the National Bank for the NBU, who made the Economic bank into the soundest Uzbekistan. With a high the economy. Significant Activities (NBU) which financial institution in the



With a paid up capital of 442 Million US\$, the NBU already has taken its place amongst the 500 largest banks in the world.

credit lines BIS rated the NBU to be General Meeting held in Tashkent in the beginning of March, Ernst & Young. bank's auditors disclosed the results over 1996 showing assets totalling 3,400 Million US\$, up 85% compared to 1995, and a net income of 113 Million US\$.

> During the meeting Dr. Azimov announced an expansion of modern banking services in the through the opening of a further 50 large regional branches in 1997 and the

# Fifth of Japanese companies admit to wrongdoing

By Gwen Robinson in Tokyo

Corruption in corporate Japan appears to be widespread, says a survey whose findings will make grim reading for Mr Ryutaro Hashimoto, the prime minister, who has made higher ethical standards in business a key policy issue. In a survey of 1,860 Japanese cor-

Auditors' Association of Japan found

porations, including top listed companies and life insurers, the Corporate

been embroiled in at least one scandal or improper business practices in the past 10 years. The most common offences were violations of the antimonopoly law and criminal cases, including bribery and bid-rigging.

Just less than 65 per cent of companies approached responded to the survey, which highlights the entrenched nature of corruption and unethical business practices in corporate culture. Japan's most recent spate of corpo-rate scandals merely highlights the

so-called "iron triangle" of cosy relationships between senior corporate executives, politicians and bureaucrats. The most spectacular case in post-war history was the downfall of a former prime minister. Mr Kakuei Tanaka, over the Lockheed bribery scandal.

Among the most prominent of recent examples is the case of Mr Nobuharu Okamitsu, the former vice minister of health, who is now on trial for accepting at least Y80m (\$472,000) in bribes from a property developer in return for

Some observers say reforming Japanese corporate culture to bring it in line with international standards will require a bottom-up revolution, from basic concepts of corporate governance scandal was about 25 per cent, while to the murky web of favours-forfavours relationships that has been in place since the days of the powerful pre-war zaibutsu conglomerates.

nearly one-third of companies with capital of between Y20bn and Y50bn had been accused of wrongdoing.

Among the largest companies, capi-talised at more than Y50hn, the rate of among the smallest, with capital of less than Y5bn, the rate was 13 per cent. The sharpest increase in the number

of corporate scandals occurred in 1990 speculative bubble economy era when

providing generous government subsi-dies to build nursing homes. ing to the report, which found that nearly one-third of companies with capoften to unscrupulous property developers and speculators. By sector, companies in construction, property and

finance were most prominent.
Even the most banal corporate rou tines, such as annual shareholders' meetings, are rife with shady dealings Every year, after meetings following the March 31 business year-end, compa nies are expused for paying off solonig The larger the company, the more and 1991, following the collapse of the or corporate gangaters, to ensure

### Talks fail to resolve Sino-Vietnam oil dispute

By Tony Walker in Beijing

Talks between China and Vietnam aimed at resolving China and Vietnam agreed an oil drilling dispute in to official level talks in Beicontested waters has jing to calm a simmering resulted in greater understanding, but an early settle- in the Gulf of Tonkin, 65 ment is unlikely, according nautical miles from the Vietto a Chinese foreign minis-

resolve our differences through peaceful discus-

ately, said Mr Shen Guo-fang, the official spokesman. China and Vietnam agreed row over Chinese oil drilling

na's claim to virtually all of the South China Sea has prompted arguments with its neighbours over waters Spratlys islands which are believed to be rich in hydro-

cannot be resolved immedi- of the South China Sea. Chi- bours have reacted coolly. Beijing and Hanoi have been at loggerheads over the Gulf of Tonkin and South China Sea for decades, but have sought recently to improve working ties and avoid serious conflict.

1,306km frontier with tasks have emerged for the China, Repters newsagency reports from Hanoi. It was not immediately cleer whether the announcement was timed to coincide with

the Beifing talks. The official Quan Doi Nhan Dan (People's Army)

The Sino-Victorm frontier is highly porous and drug smuggling is a significant

• President Jiang Zemin of China will visit Russia from April 22 to 26. Mr Jiang and President Boris Yeltsin are due to sign a border troop accord with the presidents of the Central Asian states of Tajikistan, Kazakhstan ASIA-PACIFIC NEWS DIGEST

### Gunfire precedes Cohen at DMZ

North and South Korean troops exchanged warning shots at their tense border yesterday, shortly before Mr William Cohen, US defence secretary, flew to the area, US and South Korean officials said. Southern troops on patrol within the Demilitarised Zone (DMZ) fired 10 shots into who had crossed the border line, the officials said. The North Korean soldiers fired back warning shots

and withdrew," a Seoul military apokesman said. The shooting in the eastern sector of the heavily fortified DMZ took place about an hour before Mr Cohen flew by helicopter to the border village of Panmunjons, about 100km west of the flashpoint.

Standing at the DMZ, set up as a buffer zone under an armistice that ended the 1950-53 Korean War, Mr Cohen denounced North Korea's "decaying and dying" communist system and called on Pyongyang to make peace with South Korea. Reuter, Panmunion

#### Taiwan bid to ease relations

A senior Taiwanese negotiator with China is set to visit mainland cities later this month in what could be the beginnings of a thaw in troubled ties across the Taiwan strait. Mr Lee Ching-ping, deputy secretary general of the Straits Exchange Foundation, will lead a delegation on a 10-day visit to Beijing, Zhengzhou, Chengdu and Shangha starting April 28.

The quasi-official foundation bandles cross-strait talks. which were cut off in June 1995 by Beijing in anger over private visit by Mr Lee Teng-hui, Taiwan'a president, to the US. The aim of the trip is to discuss issues relating to authentication of documents such as marriage licences and diplomas, which is problematic because neither side formally recognises the authority of the other's government and institutions. Laura Tyson, Taipe

China bas given approval to six domestic companies to begin direct shipping services with Talwan, the China Business Times said yesterday. Taiwan bans direct trade with China, although it permits commercial links through other territories, usually Hong Kong. The two sides reached agreement on direct crossings between Taiwan's port of Kaohslung and Xiamen in China with inaugural sailings expected this week.

#### Indian lorry strike peace 🦠

Most of India's 3m truck and freight drivers acceed to end a nine-day-old strike late on Wednesday after Mr P. aram, finance minister, told union leaders b would revise collection procedures for a controversial new hauliers' service tax and defer sharp rises in insurance premiums. The exceptions were truckers in Maharashtra India's most industrialised state and home of its biggest port, Bombay - who said they would continue the strike and hold out for a complete withdrawal of both the tax. introduced in the February budget, and new insurance

#### Singapore manufacturing fall

Singapore's manufacturing output dropped 5.5 per cent year-on-year in February mainly because of a continued slowdown in the electronics sector, the government announced yesterday. It was the fourth consecutive month of year-on-year declines. The output of electronics goods, which account for more than 60 per cent of the island's exports, fell 7.8 per cent compared to February 1996. Production of fabricated metal products and plastics products, which is partly driven by the electronics sector, James Kynge, Singapore

#### Australia unemployment eases

Australia's unemployment rate eased marginally, from 8.8 per cent to 8.7 per cent in March, but this largely came. from statistical "rounding" and a drop in the percentage of people looking for work. More ominously, the number of jobs also fell around 33,900, with a marked drop in female full-time employment. The latter development which had not been expected by economists - could reduce further any chance of an increase in interest rates until late-1997. Some analysts even suggested yesterday the momentum could swing in the other direction if an improvement in labour market conditions does not materialise soon, and make another interest rate cut "a distinct possibility". Nikki Tait, Sydn Nikki Tait, Sydney

#### Peregrine Bangladesh protest

Peregrine Investment Holdings, the Hong Kong based investment bank which last week protested to the Bangladesh government over what it described as politically inspired action against its staff, yesterday placed full-page advertisements in local newspapers defending itself. Its public protest follows the issue of an

arrest warrant against Ms Runa Alam, head of the company's investment banking business in Bangladesh. The warrant was among 32 issued against local broker lealers in the wake of Bangladesh's stock market crash. Peregrine, the only international investment bank in Sangladesh, blamed local authorities for failing to control a market bubble which saw the Dhaka stock exchange index rise from 900 to 8,700 in 1996. Kasra Naji in Dhaka

#### The two sides fought a border war in 1979 and their daily said in an editorial Officials' talks in Beijing that while existing security Beijing has withdrawn its are continuing, but territonavies have skirmished in try spokesman. \*We hope that we can drilling rig from the area, rial issues appear intractathe South China Sea. had succeeded in preventing "bad elements" from infilbut tensions remain over ble. China has proposed Victnam, meanwhile, has prospective oil and gas joint exploitation of dis-announced it is beefing up trating Vietnam "new, com-deposits in disputed waters puted areas, but its neighborder patrols along its plicated demands and hard Yen proves embarrassment Japan: money flows out

to fly to the US later this month, the foreign exchange markets have dealt him a

small, embarrassing blow. After a week of decline, the yen sagged further yesterday to touch Y127 against of overt intervention. the dollar, its lowest level

But the surge for the dolof recession, at the expense of US business. It is also fuelling some sensationalist headlines in Japan.

Whether the Japanese authorities will continue to day warned that the move- were not actually as dra-

s Japan's prime min- ments were "clearly excesister, Mr Ryutaro sive" - a remark that helped Hashimoto, prepares push the currency up later in the day.

ahead of PM's visit to US

Although a chorus of calming remarks has come from senior Japanese figures about the currency in recent days, there is still little sign

Nevertheless, the political against the US currency for and diplomatic pressures almost five years. and diplomatic pressures which the latest currency weakness is creating are lar has prompted renewed clear. Earlier this week, fears among US manufactur- Japan's current account surers that Japan is using a plus in February was weak yen to export itself out revealed to be 15.4 per cent up on the same month a year earlier, the second consecutive month of increase after four years of gradual

The current account figlet the yen fall is uncertain. ures may be an easy political Japan's finance minister, Mr target in the US, but in prac-Hiroshi Mitsuzuka, yester- tice this week's numbers the balance on portfolio

We announce with deep sorrow

the passing of our beloved

Evelyne Safra Nasser

April 8, 1997 Sao Paulo, Brazil

Mr. Rahmo Nasser

Mr. and Mrs. Ezequiel Nasser and their children

Mr. and Mrs. Jacques Nasser and their children

Mr. and Mrs. Raphael Kassin and their children

Mr. and Mrs. Edmond Safra

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Mr. and Mrs. Eliott Safra and their children

Mrs. Elie Safra and her children

Mr. and Mrs. Albert Safra

Mr. and Mrs. Victor Smaga and their children

The Board of Directors,

management and employees of

Republic National Bank of New York

and

Republic New York Corporation

express their deepest sympathies to

the Safra family on the passing of

**Evelyne Safra Nasser** 

April 8, 1997

Sao Paulo, Brazil

matic in trade terms as the financial flows may carry headline figure might seem to auggest. It was not so much Japan's exporters who were the chief culprit for this week'e embarrassing surge, but the country's

hordes of powerful investors. In recent months, the surplus in traded goods has anese direct investment been on the rise, as exports bave grown steadily, boosted by the weaker yen. In February, for example, the surplus on traded goods was Y878bn (\$6.9bn), up from Y853bn the previous year.

This increase in traded goods in February was actually eclipsed by a surge in investment flows. The surplus in the income received on investments held by Japanese overseas leapt from Y478bn to Y599bn, largely due to a 33 per cent rise in

investment. This rise in the

manufacturers have moved factories overseas to cope with the strength of the yen earlier this decade. Now that the yen has recently fallen back, earnings on this investment now appear to be higher when

less political punch, and cer-

But, like the more politi-

cally controversial manufac-

turing exports, it also stems

partly from the currency

swings. In recent years, Jap-

overseas has been rising,

partly because Japanese

attention in Japan's press.

translated from a currency such as dollars back into yen. The same magnifying effect is at work with the portfolio investments held by Japanese in overseas bonds and equities, investments that in any case have een surging dramatically in recent months.

Last year, for example, the big life insurance companies raised their holdings of foreign securities by Y3,244bn. a dramatic increase compared with previous years.

These same life insurance companies are at present mulling over their investment plans for the 1997 fiscal year. In a peculiarly Japa-



nese practice, for example, Nippon Life Insurance, the largest group, called a press conference earlier this week to disclose it planned to increase its holdings of foreign assets by some Y300bn in overseas assets this year. The rising trend in US

interest rates means Japanese investors can now receive much better returns overseas than in Japan. Meanwhile, the planned financial deregulation including a key change to the foreign exchange law next spring - is fuelling Japanese investors' ability to

Mr David Rose, economist with SBC Warburgs, says: "People are just waiting for money to start flowing out of Japan." This means portfolio investment will probably surge further this year. If this is coupled with higher exports as well, the current

more embarrassing picture for Japan's leaders. Unless, of course, the yen suddenly strengthens dramatically again.

account figures will soon be

painting a considerably

Gillian Tett

### Pakistan is set to see the tax tables turned

7 hat happens in the popular cafes and restaurants across Karachi's posh Clifton neighbourhood over the next few months will say a lot about the fate of economic reforms announced recently by Mr Nawaz Sharif, Pakistan's prime minister. If customers are given proper invoices instead of a plain piece of paper excluding a 125 per cent government tax, as is customary in many establishments, then the new government's hopes of muchneeded additional revenue will be lifted.

Leaving the government'a bit out of financial transactions is common in many businesses across Pakistan, fuelling the impression that it is a country in which tax evasion is widespread. Cuts in income and corporate taxes, announced last month, are intended to encourage Pakistanis to begin paying their dues. It was also a response to criti- it may increase over the cism that evasion was prompted by high tax rates. If he succeeds, that would make an important change in a country where less than one per cent of the population pay any income tax, and built sizeable fortunes

through bribes. However, with opinion divided over the final outcome, many have already dubbed the move as the government's biggest gamble.

Mr Sartaj Aziz, the finance minister, convinced that the new policy will work, says: "I have great faith in the dynamic nature of our economy. I hope we will get more

But Mr Zahid Zaheer, secretary general of the Over- nues and future projections, seas Chamber of Commerce and industry, the main umbrella organisation representing foreign businesses in Pakistan, disagrees. He says that the cuts need to be fol-



Sharif: deficit difficulty

to change their colours overnight. This is wishful think-

Mr Sharif's greatest diffi-culty is a public sector deficit and no means of closing it. Some analysts warn that next year. Pakistan thus runs the risk of adding further to its recent notoriety of not meeting its target of cutting its deficit, western econ-

omists in Islamabad say. The deficit during the curcorrupt tax officials have rent financial year (July-June) is expected to be at least 1.5 percentage points higher than the target of 4 per cent of gross domestic product announced last year by the government of Ms Benazir Bhutto, the former prime minister. In spite of strong support given by the International Monetary Fund to last month's reforms, western diplomats in Islamabad say that Pakistan will face tough questions

> consortium meets in Paris later this month. Many businessmen say

on its worsening tax reve-

when the annual donors'

lowed through with a large scale revamp of the tax sys-Mr Ali Raza at Bank of America calls for more than "impressive announce-ments". Mr Sharif has got to follow through with new leg-

islation with the support of

his party's overwhelming

majority in the parliament.

He will also have to make

men convinced that lapses by the tax bureaucracy do not disrupt his plans, he says.
Others say that while Mr Sharif has projected himself as a business-friendly leader, he must demonstrate that etiff punishments await those violating tax laws. "Sending corrupt tax offi-cials or tax evaders to jail is rare in Pakistan. It's the absence of the fear of prose-

cution that makes people

bold and promotes thievery, says another businessman. Mr Sharif has begun to take away some of the arbitrary powers of tax officials. These include frequently calling on taxpayers to visit their offices. However, its not yet clear how fast he can revamp the tax system to begin reaping results. Some senior officials in Islamabad say it may take one to two years before higher revenues begin to flow, though Mr Sharif's supporters hope to see improved results by the

end of this year. in spite of such concerns. many businessmen have welcomed the reforms, saying that they were long overdue. Mr Atif Bajwa, country head of ABN-Amro, the Dutch bank, says; "The risk is that in the short term, revenues will dip before recovering. It's a risk worth take ing. There's no other option The real question is whether the mind-set towards taxes

Farhan Bokhari

#### WHAT FUTURE FOR HONG KONG AFTER JULY 1997? INTERNATIONAL COLLOQUIUM

The return of Hong Kong under Chinese Sovereignty: Political, economical and Financial Perspectives

Lille Palais des congrès du nonveau siècle May 15-16th 1997

Organized under the Scientific Patronage of CRAPS and PSA of University of Lille II. With the participation of Mr. P. Maurog, Sonator-Mayor of Lille, and Former Prime minister of France. Main Addresses. Mr. Antony Woo, Hong Kong Economic and Trade Office, Bruzalles: Mr. Mr. Antony Woo, Hong Kong Economic and Trade Office, Bruxalles: Mr. Chan Man Hung, Director, China Business Centre, Polytech. Univ. of Hong Kong: MMr. J.-Ph. Béja. M. Bommin, chiness Specialists French. Surveys Centre of Hong Kong Mr. X. Marrause, Director, Business High School of Lille III. Mr. F.Y. Damon. Pr Chinese section, Univ. of Lille III. Mrs. P. Hay. MC. Chinese specialist: CERETIM/CREREG, Univ. of Remes. Mr. P. Chabal, Lecturer, Univ. of Le Havre; Mr. Ph-Rochimet. Journalist. La Voix du Nord, Ren, Svee. Important Bankers and European Businessman present in Hong Kong. pean Businessenen present in Hong Kong stration: Office du Tourisme de Lille: Mr. Bruno Marçais Registration: Office du Tourisme de Laue; sur parties tél: +33 3 20 21 84 21, Pax: +33 3 20 21 94 20 Normal Fee in US \$ : 400 ; Researchers : 250 ; Students : 150

#### **NEWS: INTERNATIONAL**

# 'last gasp' turns to the military

Belgium yesterday jolned the US and France in washing its hands of Zaire's President Mobutu Sese Seko, saying his decision to replace civillan Prime Minister Etienne Tshisekedi with an army general meant the central African nation was now being run by a military dic-

Drawing parallels with the eventa that preceded Mr Mobutu's seizure of power in 1965, Mr Erik Derycke, the Belgian foreign minister, said Wednesday's appoint-ment of General Likulia Bolongo as premier signalled the suspension of democratisation in Zaire.

"(This) is a military dicta-torship revisited, with a mili-tary man as prime minister and the parliament thrown aside," he said in Brussels.

The rebuff by Zaire's former colonial master, coming hard on the heels of Washington's description of Mobutu's regime as "a creature flown out of Lubambashi, of history" and a belated diplomatic distancing by Paris, contingent of some 100 presiunderlined the cancerstricken president's increasing isolation as rebels extend their hold over the country.

Earlier in the day Mr Laurent Kabila, head of the rebel Alliance of Democratic Forces for the Liberation of Congo (ADFL), gave Mr Mob- and security forces. But utu three days to start talks on relinquishing power or face a fresh offensive.

"I am waiting for a little contact us to negotiate his gasp of a dying regime.

whose men now control Zaire's main mineral-producing regions. "If this doesn't happen," he added, "Wa will be forced to advance on all

The 66-year-old president is coming under intense pressure from his former allies to bow to the inevitable and take exile abroad. But there was little sign yesterday of an imminent departure, with the new prime minister ruling out any thought of Mr Mobutu's resignation and promising instead to restore order to

the crumbling state.

Mr Kabila's ceasefire offer came as ADFL fighters battled to quash the last signs of resistance in the copperproducing city of Lubum-bashi, which was captured by the rebels on Wednesday in the most significant conquest of their five-and-a-half-

month civil war. Residents said although many senior officers had Zaire's second-largest city, a dential guards surrounded and trapped at the city airport was putting up a fight. in contrast, the capital

Kinshasa was reported to be calm after Wednesday's clashes between supporters of the ousted prime minister members of the main opposition party said they regarded the appointment of General Likulia, the former defence period of three days for Mob- minister, as nothing short of utu to make a decision to a military coup and the last

# Mobutu in Germany suspends 'dialogue' with Iran

Berlin court verdict marks further twist in controversial aspect of Bonn's foreign policy

By Frederick Stüdemann In Berlin

Germany's policy of "critical Europe. dialogue" with Iran yester- Between day, following the verdict of a Berlin court that Tehran Kurdish opposition figures, marks a dramatic twist in one of the more controversial aspects of Bonn's foreign

Bonn's enthusiasm for engaging rather than shun-ning Tehran was never popular with Germany's allies, in particular the US, European Union member states, which have officially supported the policy of critical dialogue, were also nervous about engaging too closely with Tehran, which Washington sees as a sponsor of international terrorism.

But in an echo of West German Ostpolitik, which sought to achieve change in the communist eastern bloc through constructive engagement, Bonn has argued that only by maintaining a dialogue with Tehran could relations between Iran and the west be improved and any tensions

Germany's stance has also

sive trade links with Iran, for whom it is the largest western trading partner and suspension of most important friend in

Between January and November last year, German companies exported DM2bn was behind the killings of (\$1.2bn) worth of goods, mostly machinery and electronic items, to Iran.

Relations between the two go back a long way. Before the first world war, imperial Germany sought close influence with Tehran in a hid to extend its commercial interests in south-west Asia, For Tehran, the Germans represented a source of western technology and were seen as a counter-balancs to the great powers Russla and

These ties led to deeper exchanges, Iranian students flocked to univarsities in Germany while German milltary and civilian officials acted as advisers to Tehran. After the second world war. Germany was one of Shah Mohammed Reza Pahlavi's closest allies and German companies among the biggest investors in Iran. Under the Shah, the Ira-

nian state acquired a 22 per military purposes. cent stake in Krupp Hoesch, Tehran this week the German steelmaker, and announced its intention to been influenced by its exten- a 25 per cent stake in Deut-

Relations soured some-

what in the 1980s following

the Islamic Revolution. Teh-

ran was angered that during

its war with Iraq German

companies sold Baghdad "dual use" industrial goods

capable of being deployed for

for allegedly providing Iraq

Members of Iranian opposition groups shout slogans outside the Berlin court

sche Babcock, an engineerwith chemical weapons. Iran continues to hold its stake in Krupp but sold its shares in Deutsche Babcock in 1987. In recent years, Tehran bas shown interest in acquiring companies in eastern Germany. In 1992 lt made an offer for Pneumant Reifenwerk Fürstenwalde, s Munich.

relationship are links between German and Iranian security officials.

Mr Ali Fallahian, Tehran's chief of foreign intelligence. visited Bonn in October 1993 ment officials. He also vislted the offices of the Federal Intelligence Service (BND) in

allies, particularly as west-

for terrorist operations. In March last year, a warrant for his arrest was issued by the German state prosecutor's offics in connection with the killing of four Kurdish opposition figures in a Berlin restaurant in 1992. These were known as

the name of the restaurant. Yesterday, Mr Fallahian was the only high-ranking Iranian figure explicitly named in the court's verdict. His 1993 visit was organised by Mr Bernd Schmidbauer, security adviser to Chancellor Halmut Kohl. Mr Schmidbauer sees close links to Tehran as a way for Germany to plsy a more active role in the Middle East.

Last year, that view appeared vindicated after Mr Schmidbauer successfully brokered the exchange of bostages and corpses between Israel and the Irani-an-backed Hizbollah group.

The release in 1992 of two German hostages held by Hizboliab in Lebanon and the freeing in 1994 of a German engineer beld in Iran on spy charges are also credited The visit irked Germany's to Mr Schmidbauer's cultiva-

### **Ecologists** square up for dam debate

By Leyla Boulton, ... Environment Correspondent

Officials, executives, and environmentalists gathered outside Geneva yesterday to thrash out differences over wbether large hydro-electric dams should be built in developing countries.

The aim of a two-day workshop organised by the World Bank and the World Conservation Union (IUCN) is to initiate a dlalogua between the opponents and advocates of big dams as a motor for development. While Third World govern-

ments see dams as an important source of energy for ecodevelopmant, environmentalists worry about the resulting ecological damage and social dislo-

The IUCN, the world's biggest union of conservation pressure groups and official ncies, sees the meeting as a test the scope for environmentalists to co-operate with industry and governments in devising more environmentally sensitive dams.

This is not a black or whits issue," said Mr Ricardo Bayon, of the IUCN. There are a lot of shades of grey. The environmental impact depends on where and how you build the

Companies which like to see themselves as environmentally responsible are keen to overcome pressure groups' resistance, saying deals will otherwise go to contractors with no regard for the environment.

Participants at the meeting include ABB, the Swissbased engineering group, which has been criticised for its involvement in Malaysla's Bakun dam, and Mr and environmental stan-Tanlin Yuan, deputy director dards".

of the Chinese water resources ministry.

China has faced particularly fierce criticism for its Three Gorges project, which will move away 1m people. and is being boycotted by Eximbank, the US exportcredit agency.

As a sign of its nervous

ness over large dams, the World Bank has stayed out of Bakun and has not been asked to finance the Three Gorges. But it is keen to explore in what circumstances it might finance other dams, such as the Nam Theun project in Laos which is still under discussion.

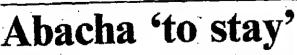
An internal evaluation by the World Bank of 50 large dam projects it has financed to date kicked off the discussion vesterday.

The report by the Bank's internal watchdog says that "in most of the cases...benefits have so far outweighed costs, including the costs of adequate resettlement programmes, environmental safeguards and other mitiga-

tory measures". Mr Patrick McCulley, of the International Rivers Network, a California-based environmental presaure group, told tha workshop that the study's conclusions were based on "seriously flawed methodology and incomplete and inadequate

It has joined forces with 49 non-governmental organisations from 21 countries to demand that the Bank reject the review's conclusions.

The Bank's evaluation accepts that only 14 of the 50 projects, most of them ushered in before the bank introduced guidelines on resettlement and environment, met "acceptable social



Nigerian campaigners said yesterday power over local governa decree giving military ruler General Sani Abacha new powers showed he intended to stay in office through his plan to restore civilian rule, Reuter reports

Details of the new decree, which emerged in local hinmi, a human rights newspapers, said Gen Aba- lawyer.

democracy cha was given absolute ments elected in a March multiparty ballot.

"It shows the transition programme of General Abacha is designed by him and for him and lacks all semblance of a democratic process," said Mr Gani Fawe-



Second in a series of messages to global financial institutions

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#### **NEWS:** WORLD TRADE

# Canada takes free trade trail alone

Canada is to seek free trade pacts throughout Latin major trade negotiation. America without waiting for the US to take the lead on

Canada's decision will vorry US companies which

widen the North America agreements with Congress over granting "fast track" negotiating authority to the eral pacts first with Chile, then possibly Argentina, culminating in e hemisphere-

ity is granted, Congress agrees not to amend trade deals after they are pres-

is considered vital by US trading partners before any

Mr Art Eggleton, Canada'e trade minister, said in Washington this week: "We're going to certainly move ahead with our relationships in Latin America. If we wait, we will be left behind."

Mr Eggleton was report-edly told by US trade officials that the Clinton adminpush for "fast track" authority in Congress for months.

Many Democrats - and

some Republicans - oppose administration has decided not to inflame intra-party hostilities before waging this year's fight over the 1998 budget.

hoping that momentum towards obtaining "fast track" would be well under

Mr Eggleton said he would soon meet Brazilian officials to discuss a possible arrangement with the Mercosur trade grouping - Brazil, Argentina, Paraguay and Chile, negotiated when the

Uruguay. Canada already has a bilateral pact with US delayed on its commitment to bring Chile into

to Washington, Canada'e prime minister, Mr Jean Chrétien, repeatedly urged Congress to pass the fasttrack measure. But he made no more visible impact than President Eduardo Frei of Chile, who made the same plea in February.

Mr Eggleton said the big-est single obstacle to "fast track" was the administration's degire to negotiate

### attack on workers' rights

Fiji under

International trade unions have launched a fierce attack on Fiji's worker rights' record to coincide trade policy by the World Trade Organisation pub-

The International Confederation of Free Trade Unions said Fijian export policy was driven by labour rights charges racial and sexual discrimination, child labour and a contract labour system the world trade body since trade ministers signed a dec

ing countries as a way of heading off US and European pressure to discuss worker rights in the WTO.

However, US officials said at the time that Washington the WTO trade policy reviews, and duly raised the issue this week when the Fiji report was discussed by WTO members, Other countries also questioned aspects of Fijian policy related to gender and racial equality.

The Fiji delegation . backed by several developing countries - declined to respond, saying these matters were for ILO. But trade officials expressed concern afterwards that the US stance could provoke a sterile and time-consuming repetition of the divisive labour standards debate at future

the workforce, mostly in gar-

### Asian tigers lose their bite as exports slump

World merchandise export trade w

By Frances Williams

Growth in world trade halved last year, mainly Asia's leading exporters, the World Trade Organisation said yesterday.

In its annual estimates of global trade performance, the WTO said the volume of global merchandise trade rose by 4 per cent in 1996, though still above the increase in world industrial output of 2.5 per cent. Slightly higher trade growth is forecast for this year.

In Asia, however, for most of the 1990s the most dynamic trading region in the world, export volume growth slumped from 9.5 per

Not only was this the

with 14.5 per cent the previous year and average yearly mists believe that one likely rollinger rowth between 1990 cause is. Asia's dependence

exports from the six "Tiger"

Asian economies - Hong

Kong. South Korea, Malay-

sia, Singapore, Taiwan and

Their exports rose by just

cent in 1965 to 1 per cent hat peg their currenties to the

export value growth from 19.5 per cent in 1995 to 4 per cent last year. The WTO says a full expla-

nation of the Asian slowdown must await more 3.5 per cent in 1995 compared detailed trade figures for 1996. However, its econoon trade in office and tele-

In addition, countries that

### Importers adjust to return of Indonesia customs office

Ten years after contracting out, government hopes corruption and efficiency are things of the past, writes Manuela Saragosa

ficiency and corruption businesses that do a lot of importing by spared for the worst.

tion of commercial cargo entering Indonesia, ending a Swiss surveying firm Société Générale de Surveillance (SGS), which checked cargo

that there would be a slew

directorate general of cits cials, tons and excise at the minis Nev tons and excess at the ministry of findings in lais department, he insists that the sticcess of many of the control of the property's export oriented industries depends on a control of the property.

customs, inspection retor that the introduction amplifical fees to clear cargo, of a computerised constitute and the training pers send cargo data to cusoff new personnel will prove tones by enaputer. That that inhorters concerns and says Mr linearto, reduces or net warranted.

A can be assured that between customs officials past habits will the chief and the importers and minmore, says Mr staged mileses opportunities for Inducto, itself of the interest what he calls malfeasance timal affairs division of the on behalf of customs officials directorate seneral of the calls.

Nevertheless, Mr Soesono, secretary general of the Indonesian Association of Automotive Industries, which oversees imports of export oriented car and motor parts, says industries depends on a there have been problems smooth supply of imported with the new computerised raw materials.

While the pre-1965 clear whether these are of unusual for importers to



think we'll just have to trust customs officials. Many importers have not forgotten the conditions at ports which prompted President Suharto to call in SGS in 1985. In the early 1980s,

main culprit in what was referred to as the "high cost" economy, acting as an obstacle to the promotion of nonoil exports at a time when the Indonesian entborities had embarked on a drive to deregulate trade and expand the economy's export base. Before the involvement of SGS, it took anywhere between five days and four weeks to clear cargo through system but it is still not customs and it was not

receive goods other than those ordered. While importers praised Mr Subarto's recruitment of SGS as an important milestone in deregulating the economy, many customs officials saw the involvement of a foreign company as humiliating. An attempt to address tha problem was made in 1991 when the government established a joint-venture company, known as Sur-veyor Indonesia, to take over progressively the administration of pre-chipment. inspections from SGS. The contract for Surveyor Indonesia - 76 per cent owned by the ministry of finance, 20 per cent by SGS and 4 per cent by Sucofindo, a stateended on March 31.

Officials point out that it was known all along that SGS's involvement would be temporary. Importers say much will now depend on the customs and excise office's success in co-ordinating with other government departments, including the state-owned Jakarta port authority. In addition, it is hoped that new personnel trained to manage the eystem will bring along a change in the culture which has dominated customs offices in Indonesia

Mr Indarto is keen to assure that co-ordination between various government departments has improved. procedures have been simplified and strict penalties introduced for "offending"

alise trade has introduced requirements of transpar ency, simplicity and efficiency", he says. "Otherwise

By Geoff Dyer in São Paulo

Brazil's economic reform programme has won a substantial boost with the approval by legislators of a bill to overhaul the civil service which could laad to thousands of redundancies.

However, in order to guarantee approval of the bill the government agreed to snpport a controversial amendment which gives legislators a salary ceiling double that of other civil servants.

The bill, which was nar-

protected by the constitution, and is a crucial part of consolidate its anti-inflation-

The government estimates that savings from the reform could be equivalent to 1 per cent of gross domestic prod-

Mr Luiz Carlos Santos. rowly backed by the lower said: "This legislation will be (US\$10,285). However, the agreed to support the levels of government to lay redundant, they said.

house of Congress on the salvation of many state lower house will vote next amendment. His spokesman, off workers if payroll Wednesday night, allows all and municipal governments levels of government to shed which are so bankrupt they workers who are currently cannot even pay their staff." The legislation, voting on

which had already been postthe government's efforts to poned twice, received 309 reduce its budget deficit and votes, one more than the tbree-fiftbs majority required for constitutional the lower house and twice in the Senate.

minister for political affairs, service salaries at R\$10,800 ando Henrique Cardoso

for elected officials to R\$21,600 a month, including pensions, or R\$259,200 a

More than 100 deputies, who already receive generous pensions from previous amendments. Before it civil service jobs, would lose becomes law, the bill must out under the proposed salstill be approved again in ary cap. The minimum wage in Brazil is R\$112 per month. In tense negotiations prior The law caps monthly civil to the vote, President Fern-

had to pay to get a reform that the country needs".

will meet strong opposition years by R\$500m. in both the lower bouse and Senate, especially from Mr Cardoso's Brazilian Social Democratic Party (PSDB). Mr José Serra, a PSDB senaminister, described the amendment as "indecent",

China receives as a "most-fa-

voured nation" when these

come up for renewal in June

even tougher line with Bei-

Asia is also the area where

most acute. The State Department is embarrassed

by the lack of a successor to

either Mr Walter Mondale as

ambassador to Japan or Mr

Winston Lord as assistant

Experts differ over bow

badly the perception of dith-

ering will affect either the

US, or its partners. When

you bestride the world like a

Colossus as America now

does, perhaps you can afford

to make a few mistakes

without suffering too much,"

says Mr Zakaria, As Prof

Mandelbaum notes, Presi-

dent Clinton has generally

been capable, despite the low priority he accords to foreign

affairs, of fighting interna-

secretary for Asian affairs.

jing over Hong Kong.

week on an amendment Mr Sergio Amaral, defended expenses are equivalent to which lifts the pay ceiling the decision, saying "it was more than 60 per cent of net the price the government tax revenues. If the amendment is approved, it is expected to reduce planned However, the amendment savings of R\$18bn over five

Economists welcomed the approval of the bill but questioned wbether the savings would be as large as the government predicted, espetor and former planning cially in the short term. With elections next year, state governors might be The legislation permits all reluctant to make workers

some administration officials

dangera if the president

see potential long-term

As memories of the Cold

War ebb, doing battle with

and isolationism - a task

which the administration

shouldered successfully in

its first term - is likely to

get harder. In the words of

one senior official: "This is a

country where consensus on

the need for international

action was non-existent for

150 years, and then held

together by fear of commu-

nism for another 50 years.

Now the president has to

Apart from Nato, senior

officials foresee three litmus

tests of that consensus on

the horizon, all of which

require congressional assent; securing "fast-track" author-

ity for trade deals in Latin

engaging with international

organisations, including the

financial institutions; and

limiting the damage to rela-

tions with Europe from dis-

### Republicans to table tax curb proposal

By Gerard Baker in Washington

Republicans in the US Congress will table a proposal next week that would make it all but impossible for the federal government to increase taxes.

The resolution will call for a constitutional amendment requiring a two-thirds majority in both houses of Congrass before any proposal to raise taxes could be

Though some Democrats will probably back the mea-sure - symbolically timed for consideration next Tuesday, the formal deadline by which all Americans must file their annual tax returns they are unlikely to do so in sufficient numbers to ensure that the amendment is adopted.

But the move is a significant attempt hy a battered Republican party to repair its reputation as the party that favours lower taxes. It comes at a critical moment in the budget negotiations between Republican leaders and the White House, Negotiators for the congressional side are under pressure to reach a budget settlement that will balance the federal budget by 2002.

To do so they may be forced to postpone some of their more ambitious plans build a new internationalist | for tax cuts.

Leading Repoblicans bave been weathering criticism from both inside and outside the party that the party bas lost its enthusiasm for cutting taxes.

On Wednesday Mr Steve Forbes, a surprisingly strong contender for 1be Republican presidential nomination last year who built bis campaign on promises of a flat tax, attacked Republicans in Congress for showing weaker resolve for lower taxes. He called on the Congress to stop being "cowardly lions" and legislate immediately for sweep-

ing tax cuts. The focus of much of the Republican discontent bas been Mr Newt Gingrich, speaker of the House of Representatives. Two wceks ago. Mr Gingrich suggested that Republicans agree to a balanced budget before

insisting on tax cuts. This alarmed his colleagues and led to calls for him to step down. Since then he has songht to repair hls reputation, trying this week to outflank some of the more conservative members of his party by calling for abolition of all capital gains taxes and estate taxes. Bnt it is still unclear whether Mr Gingrich's rebirth as an enthusiastic tax cutter will prove sufficient to head off the mounting campaign against bim.

### Ecuador court orders arrest of Bucaram

America; re-forming and re- | Ecuador's Supreme Court charged Mr Bucaram and has ordered the arrest of former President Abdala Bucaram as part of an investigation into allegations of embezzlement and nepotism,

putes over trade with Cuba agencies report from Quito. The roling on Wednesday night also ordered the arrest of Mr Bucaram's former aide. Mr Marco Albuja, on the same charge.

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four top aides in the alleged mishandling of more than \$80m from the government's reserve fund, which is supposed to be used for security. Mr Bucaram fled into exile in Panama in February after Congress voted to remove bim for "mental in power. The four aides

# Distractions get in the way of diplomacy

White House has been slow to turn its attention to foreign policy, writes Bruce Clark

it was only a wash-per, but now Washington observers are saying it out loud: the foreign pol-icy of President Bill Clinton's second administration is taking a long time to get into its stride.

On one hand, Mrs Madeleine Albright, the secretary of state, has already stamped her feisty personality on the job and won friends in unlikely places. She has soft-ened the suspicion of Senator Jesse Helms, the scourge of liberal internationalism and chairman of the Senate foreign relations committee, by lashing out against countries such as Iraq and Cuba and paying a visit to his North Carolina fiefdom.

effectiveness in more exotic month's US-Russian summit places has been hamstrung in Finland is held up as a by the huge number of top jobs that remain unfilled and the fact that the president, in whose gift these appointments lie, seems preoccupied with other matters, such as the controversy over that the alliance can forge campaign finances.

absorbed with his scandal bers, by the summer. strategy that he doesn't have But if there is an area much time for any grand the journal of diplomacy.

remain vacant, the State Department's main regional bureaux are waiting for new secretary level are only now changing hands. One reason. US officials acknowledge, is that in the current atmoaphere, candidates have to be scrutinisad carefully before they are presented to

the Senate. "They are certainly off to a slow start," says Mr Richard Haass, author of a forthcoming book on US foreign policy. "The delay in personnel changes is both a symptom and also a cause of this slow-

Administration officials, in defence of their record, cite Nato expansion as an area where good progress has But her department's already been made. Last turning point,

"Nato expansion was 25 per cent done before Helsinki, and now lt's 75 per cent done," said a senior officlal, reflecting confidence new ties with Russia, and "The president is so open its doors to new mem-

where US diplomacy looks international strategy," says more vulnerable to the Mr Fareed Zakaria, manag- administration's domestic ing editor of Foreign Alfairs, travalls, it is the Asia-Pacific region. News that the US Three months after Mr Justice Department is inves-



Pitching for Clinton: Albright has done her best to make up for a delay in filling key foreign policy posts

ence the US government, by delhaum of tha School of means of political donations, has turned China policy into

a red-hot domestic issue.

Advanced International

Prospects look cloudier for "China was always a deli- the administration's policy cate, difficult and acci- of a multi-pronged engagedent-prone area, and now it ment with China - covering

In his first term, he despatched reinforcements to Kuwait and the seas off Taiwan and nailed down a peace agreement in Bosnia, when the pressure for action became irresistible. He is

tional fires.

and Iran. Even with the right pernow struggling, with uncersonnel, none of those tasks tain prospects, to salvage the will be easy for a president Middle Eastern peace pro-

will ask hard questions fire-fighting, observers in about the trade privileges Washington - including

- and probably press for an finds himself stymied in for-

the lack of key personnel is the forces of protectionism

eign affairs.



#### NEWS: UK

British Steel says proposals failed to meet its commercial requirements | Nation

# IBM is rebuffed over IT contract fourth in

Most guesses have been well below

the new figure, calculated by Mr

Robin Guenier, head of TaskForce

2000, suggesting that the serious-

ness of the threat is still underesti-

mated by both businesses and the

Mr Guenier said yesterday that

mpanies' estimates of the number

of staff they would need to tackle

the problem effectively came in a total of 300,000 - roughly the same

as the number of full-time computer

with IBM after examining an initial

The contract should have started

two months ago, but was held up

after discussions about the details of

handing over British Steel's comput-

fication for the outsourcing deal

The steel company's original speci-

ing work failed to make progress.

computer industry.

shortlist of suppliers.

Prospects for global power market

By Peter Marsh in London

British Steel yesterday delivered a public rebuff to International Business Machines by saying the US computer group's proposals for a £350m (\$567m) "ontsourcing" contract failed to meet its commercial requirements.

The steel company will open talks with other information technology groups - including Electronic Data Systems of the US and Cap Gemini of France - about transferring its 600-strong computing staff.

The suspension of discussions with IBM over what would have been one of the biggest IT outsourcing deals in UK industry is a blow to the US group's ambitions to expand in this rapidly growing area.

Government departments and businesses in Britain spend an estimated £1.7bn a year on contracting out IT services, and this figure is expected to climb to £4bn a year by

Defusing the "millennium bomh", the inability of many computer systems to distinguish between dates in this century and the next, will cost UK private and public sector organisations a total of £31bn (\$50bn) says the head of the governent organisation set up to tackle the problem, Alan Cane writes.

It is the first time the cost of the problem has been priced officially, although consultants and computing services companies have in the past made guesses at its likely cost. professionals in the UK.

British Steel said the talks had announced an outline agreement broken down because IBM was "unable to meet our basic objectives" over the details of how it would manage the proposed 10-year contract, which was to have started

The news was delivered to IBM yesterday. The two companies had been talking about the contract since November, when British Steel included an obligation on IBM to

guarantee that it could take full advantage of the latest IT developments and provide value for money in terms of the services heing

British Steel said it "still wanted to investigate" what outsourcing

had to offer. IBM said: "Wa and British Steel could not make an overall agreement. That is all we want to say."

The 600 people who would have been transferred to IBM in the deal are mainly in steelworks around Britam. They work in areas such as sales support, assimilation of orders and general administration.

British Gas, the Inland Revenue, Rolls-Royce, LucasVarity, British Aerospace and Airtours are among a number of big organisations which in recent years have transferred their internal computing functions to specialised information technology groups - on the basis that the outsiders can do the work more effi-

# no-strike league

By Robert Taylor,

The UK has one of the lowest rates of labour strikes of any western industrial country, the government's Department for Education and Employment said yesterday. 1995 figures showed that only Austria, Switzer-land and Germany had bet-

ter records. It is the first time the UK has heen so high among countries with the lowest industrial conflict statistics since figures were first compiled over 30 years ago.

The UK strike figures defined as the number of working days lost because of labour disputes per thousand workers - have been below the average for industrialised economies in tha Organisation for Economic Co-operation and Development since 1990 and less than the European Union average since 1986.

In 1995, 19 working days were lost per 1,000 employ-ees, compared with none in Austria and 8 in Germany.

The highest strike figures were in Turkey (599 working days), followed by Finland (515), France (302) and Greece (219).

During the 1990s the UK has experienced a sharp decline in industrial conflict. Between 1990 and 1995, the number of working days lost pecause of disputes fell 87 per cent in the production and construction sectors and 79 per cent in the service

The figures exclude disputes that involve fewer than 10 workers or last less than a dayunless the aggregate number of days lost exceeds 100. Other countries compile their figures differently. Since 1981 the US has included only disputes that involve more than 1,000 workers - previously the threshold was 6 workers -hringing a 30-40 per cent drop in the number of working days lost.

Election campaign, Page 10

#### UK NEWS DIGEST

### **BCCI** court action extended

The liquidator of Bank of Credit and Commerce International, closed by banking regulators in 1991, is seeking to recover more than £6.7m (\$10.8m) from five former employees, several of their relatives and two Liechtenstein companies

Mareva injunctions freezing the worldwide assets of Mr Naseim Ahmed Sarfaraz Khan, loans officer in the bank's London-based affiliated co-ordination unit, and 11 other defendants were extended this week in the High Court in London. Four of the other 11 also worked in the unit. which handled the loan book for BCCI (Overseas), a Cav-

man Islands company. The writ by Deloitte & Touche, on behalf of BCCI (Overseas) and BCCI SA, based in Luxembourg, was issued last month. It claims Mr Sarfaraz Khan "caused, procured and assisted in the misapplication" of the bank's funds in connection with the purchase of seven properties in England. The writ also claims that Mr Sarfaraz Khan was responsible for payments to himself, his brothers, a company controlled by his uncle, two cousins, and the two Liechtenstein companies, Mr Sarfaraz Khan and his brothers are claiming privilege against providing incriminating information, the court was told.

#### THE BARINGS COLLAPSE

#### Bondholders expected to settle

Holders of bonds in the former merchant banking group Barings, which collapsed two years ago under £890m (\$1.5m) of losses amassed by Mr Nick Leeson, a trader in Singapore, are expected to agree a settlement of about £150m this month. The holders of three categories of debt capital in Barings plc, a former holding company for Barings' operations that is now in liquidation, are being offered compensation from the company's assets and other contributions.

The contributions are thought to include payments from the brokers involved in issuing capital, as well as the auditors to Barings. Former directors of Barings are also thought likely to contribute. Holders of a \$150m float ing rate note issued in 1994 are likely to receive repayment of close to the full amount, while those holding a \$150m floating rate note issued in 1986 may get back about half the amount they invested.

Holders of £100m of perpetual bonds issued in 1994 may recover only about a quarter of their investment. Investors that held preference shares in Barings are not likely to receive any payment, and all equity has been wiped John Gapper

#### ■ NORTHERN IRELAND

#### Policewoman shot in the chest

A policewoman was shot in the chest yesterday near the centre of Londonderry, the second-biggest city in Northern Ireland. She was on duty near the city's courthouse and was said later to be "serious but stable" in hospital. The officer is married with three children.

Ms Eithne Fitzgerald, minister of state to Mr Dick Spring, the deputy prime minister of the Republic of Ireland, said: "They are in the middle of an election in Northern Ireland now, and all of us want to see an election conducted via the ballot box and not through the bullet and the bomb. Any human being shot or injured is horrific; a war on women is a war of cowards."

### Siemens chief aims for rapid expansion

By Stefan Wagstyl in London

Mr Jürgen Gehrels, chief brother Werner Siemens executive of the UK subsidiary of Siemens, the German in Germany. The UK comengineering group, says Siemens UK is only "beginning to exploit its potential",

He forecasts turnover will grow from £1.5bn (\$2.4bn) in the year to last September to more than £4bn in 2000. Mr It even had to buy back its Gehrels this week presided over Siemens' acquisition of Parsons Power Generation Systems, one of the most famous names in British

He wants Siemens UK to expand in all its main busisses, including power generation, communications, medical equipment and semiconductors. If past performance is any guide, Mr Gebrels, who has headed Sicmens UK for 11 years, is well placed to achieve his targets. Slemens was established

century by Sir William Siemens, shortly after his founded the family company pany grew into one of the UK's biggest before its assets were nationalised in the two world wars. When the German group re-established itself in the UK in the 1960s,

The company's recent growth dates back to the mid 1980s, when Siemens committed itself to international expansion in response to the pressures of globalisation. Mr Gehrels arrived in April 1986 intending to stay for three years, he has remained in Britain ever

Power generation and power plant contract awards 17,200 15,100 13% 16% E. Europa OB Africa/Middle 38% East North and S. America nctuding other PORECAST name from British owners.

diversified group with 13 factories and a range of service, chase with GEC of Plessey, distribution and research centres - together employing more than 11,000. At £133m last year, Siemens' research and development spending was the 12th highest of any UK company.

Mr Gehrels says that internally-generated growth has When Mr Gehrels took played a big role, with Siecoutrol, Siemens had a Britmens taking advantage of its ish turnover of about £200m. technological edge, for exammainly in selling German- ple, in factory automation. made equipment. He has But acquisitions have been in the UK in the mid-19th transformed this into a equally important, notably too small to be market lead-

the electronics group. The deal was followed by a complex division of assets between the partners, which has still not been completed. By comparison, the £30m purchase of Parsons from Rolls-Royce is a useful but modest addition to the port-

folio. Siemens is currently in the throes of a worldwide streamlining, selling husinesses which it believes are

ers. Of particular interest to the UK is a recent decision to dispose of the defence operations, 60 per cent of which are in former Plessey companies.

Siemens would also like to reorganise another key exsey business - GPT, one of the UK's biggest telecommunications equipment makers. Although Siemens owns only 40 per cent of GPT against GEC's 60 per cent, it would like to buy the rest of this highly profitable

#### BUSINESSES FOR SALE

**CONTRACTS & TENDERS** 

#### CALL FOR TENDERS

Oo behalf of the Municipality of Budapest (Hungary) The Budapest Metropolitan Property Management Center Co. Ltd. hereby invites tenders to purchase the exclusive property of the Municipality of Budapest

in the fifth district of Budapest, at 12 Károlyi Mihály Street



The four storey (plus basement) palace was built in 1866-69 and designed by Miklos Ybl the most significant Hungarian architect of the period.

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The invitation for bids is international and public. The documentation, including the conditions of the competition and technical information, may be purchased between 9.00 a.m. and 12.00 noon on work days from March 3, 1997 to April 30, . 1997

at the non-refundable price of 100.000 HUF + 25 % VAT, at

Budapest Metropolitan Property Management Center Co. Ltd. 23-27 Váci út, XII. floor, Budapest XIII, H-1134 Hungary Phone/Fax: (36-1) 149-6180, 149-7722, 120-2278

Tenders must he received hefore 14.00 p.m. May 5, 1997 to the address above.

The opening of tenders: May 6, 1997 9:00 a.m. A committee designated by the present owner will preliminarily evaluate tenders. The final decision ought to be made till May 30, 1997.

#### The Financial Times plans to publish a Survey on London

This survey will now be published on Friday 16th May For further information on advertising opportunities, please contact: Tina McGorman Tel: +44 171 873 3252 Fax: +44 171 873 3098

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#### **LEGAL NOTICES**

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r This police is people formal and all a

### **Born Heaters Limited**

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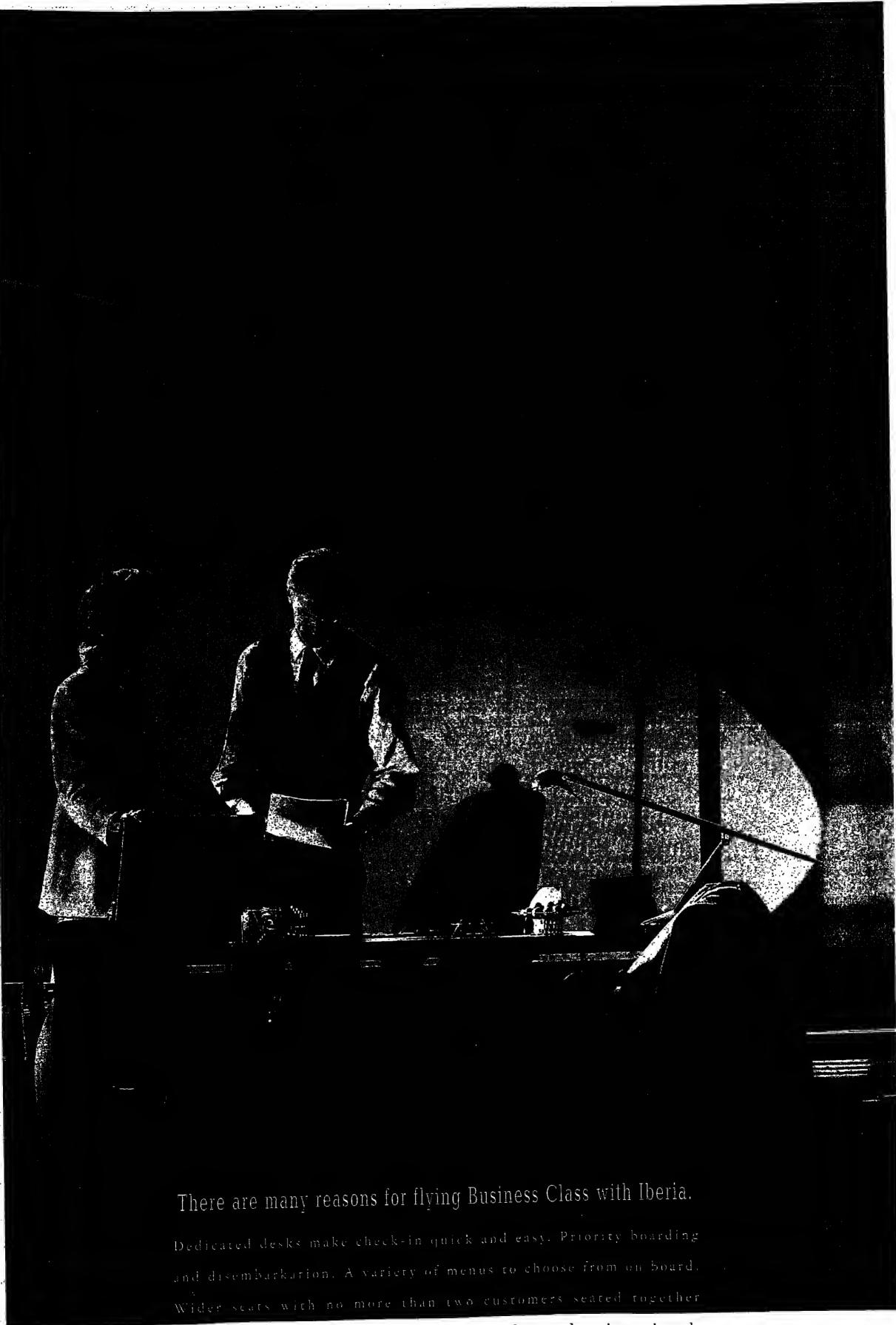
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FINANCIAL TIMES FRIDAY APRIL 11 1997 \*



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### Minister warns of pensions threat from Labour tax plans

# Survey counters evidence of Conservative recovery

By Our Political Staff

Recent indications that the Conservatives are making up ground against Labour in the opinion polls are countered by a survey conducted by the Financial Times and FCB, a leading advertising

ing voters in three marginal constituencies indicates that support is hardening for Labour in this crucial group, and that the Conservatives, victors in the past four general elections, are failing to capitalise on issues on which they should be appealing to the electorate.

The survey - carried out this week - shows that around half of the panel of voters have now firmly decided how to vote. Of these, about two-thirds will back Labour, a fifth will sup-

port the Conservatives. Lastest results also show that the Conservatives are failing to capitalise on three strong campaigning issues identified in an FT/FCB survey two months ago. These

The general election campaign

Labour is an "empty vessel" with few clear policies; that the public would back a stronger line against European integration; and that tha Conservatives are percelved as better managers tof the economy than Labour.

The survey is based on discussions with 72 focus group members screened from an initial base of 1.000. Tax raising by a Labour government would pose a

threefold threat to the value of pensions, Mr Peter Lilley, social security secretary, claimad in an attack on Labour'a pensions policy yesterday. Mr Lilley said that party's manifesto pledge to review corporate taxation with the aim of using it to promote long-term investment posed a clear threat.

He pointed to analysts' claims that the review could lead to a cut in, or the abolition of, advance corporation are the perception that tax credits for non tax-

Mr Tony Blair, the Labour party leader, said yesterday that he would rebuff any trade union or other interest group that tried to bully a Labour government. "We changed the Labour party, changed the way our members of parliament are

elected, changed our relationship with the trade unions," he said in a BBC radio interview. "We bave changed our policy-making. We have doubled our membership. We have rewritten our basic constitution. Why? To make a new Labour party that is true to its principles and values and is going to resist pressure from them or anybody else." Philip Stephens, Page 14

payers such as pension funda. Abolltion, which would also hit personal equity plans, could cost funds £2.4bn (\$3.8bn) a year, he said.

Mr Lilley sald that Labour's proposed windfall tax would also affect the ings in the privatised utiliIN THE FRAY



Glenda Jackson

The Oscar winning former star of such films as Women in Love and A Touch of Class is defending a slender Labour majority in the fashionable London district of Hampstead. Ms Jackson, who will be 61 a week after polling day, won Hampstead in the 1992 election and is tipped for a ministerial post in a Labour government after serving as number two in the the party's transport team in the last parliament. Ms Jackson has welcomed the fact that four of ber five opponents in Hampstead are women. "It's scandalous thet more than 60 years after all women got the vote, women MPs still represent only 10 per cent of the House of

**SIDELINED** 



Winston Churchill

After 27 years as a Conservative MP, Winston Churchill faces the prospect of leaving the House of Commons because his constituency in north-west England has been eliminated by boundary changes. Like bis grandfather, the wartime prime minister, Mr Churchill bas worked as a journalist and author. Unlike his famous forebear, he has never held a senior post in n Conservative government although he beld a junior post at the Foreign Office in the early 1970s administration led by Sir Edward Heath, His parents were the late Randolph Churchill and Pamela Harriman. the English-born former US ambassador to France and fundraiser for the Democrats

### Lack of skills hits clothing industry

An acute shortage of skills in holding back the UK clothing industry and forcing up wages, according to recruiters.

Companies and beadnunters say jobs commanding salaries of £15,000 to £20,000 until two years ago are now fetching £25,000 to £30,000.

"And even at this level, we are not filling posts." says Mr Brian Ross, managing director of Menswear & Womenswear, one of the largest recruitment companles in the sector,

"There is a surfait of jobs in technical and specialised areas," Mr Ross says. This has led to possibly between companies and rising pay offers from employers in an effort to retain staff, "Where a few years ago we

only used direct approach methods for executives surning more than £80,000, we are now getting involved in searches for staff on less than £30,000. Advertising just does not work," he says. Mrs Vanessa Denza, managing director of recruitment consultants Denza International, cites one large company's recent experience with an advertisement for a marchandiser. It got three applicants, compared with 250 applicants for a design job

odvertised of the same time. It is at this level of middle management, and in technical support jobs, that the biggest problems arise.

with no national politicians, the party lacks the national funding This is due, in part, to a narrower pool from which to promote. "It is a case of feast Green politics everywhere tends or famine," says Mr Peter Booth, national secretary of to be cyclical - with voters becoming "greener" as they the textiles division of the Transport and General Workers' Union. "So much labour has been shed over the last few years: now there is an upturn in order books and these people have been lost to the industry."

But it also reflects reforms change which could lead to their in Britain's education system, says Mrs Denza, who claims there has been "a steady unravelling of strong teaching in this area".

# Greens blame voting system for lack of representation

ties. He added that Labour

might also restrict tax relief

on pension contributions to

the basic rate to raise funds.

amounted to a policy of

"new Labour, lower pen-

sions". However, Mr Lilley

refused to guarantee that the

Conservatives would not

themselves alter credits,

which they cut by 5 per cent

Meanwhile, a survey pub-

lished yesterday by Alexan-

der Clay, an employee bene-

fits consultancy, suggests

thet two-thirds of employers

back the introduction of

compulsory pension contri-

Eight out of 10 companies

rejected the idea, floated by

the Labour party that big.

low-cost, industry-wide

schemes should be set up to

provide benefits for some

employees. Alexander Clay

said the respondents feared

greater trade union involve-

ment and loss of control of

Editorial comment, Page 15

butions paid by both employ-

ers and employees.

pension provision.

in 1993.

All three moves, he said,

ourteen parliaments and three governments in mainland Europe have Green represenatives, but the Green party in the UK has never come close in its 23-year history to winning a seat in the House of

"It's our voting system," said Mr Peter Barnett, a member of the UK Green national executive. the 29 Greens sitting in Stras-"Until there is proportional representation, wa are unlikely to reach Westminster.'

Britain's first-past-the-post system penalises small parties such as the Greens because seats are awarded when candidates win constituency contests outright, rather than in proportion to votes

the European Parliament are reduction act, the Liberal Demo-

The registered capital of Ajka Aluminium Ltd.:

the day corresponding to the submission deadline,

as the governing version.

its payment securities.

submission thereof.

Envelopes shall bear the marking:

Owner's equity of Ajka Aluminium Ltd. on 31.12.1996: HUF 1,039,275,000

The party has never come close to

winning a seat in the House of Commons, says Liam Halligan

bourg are British. "It's completely unjust we are not represented there," says Mr Barnett.

With no representation, the Greens have to rely on the system of private members' ballots, which allows parliamentarians to adopt draft legislation created by outsida pressure groups.

"When we write a bill, such as And because UK members of the recently passed road traffic elected on a similar basis, none of crats steal it and do little to pub-

**CONTRACTS & TENDERS** 

TENDER ANNOUNCEMENT

HUNGALU Hungarian Aluminium Industrial Co.Ltd. [85. Margit krt. Budapest, 1024]

(hereinafter referred to as the "Contracting Party" or "Hungalu Rt.") invites

bids in an open, one-round tender to sell a quota of its fully owned subsidiary,

AJKA Aluminium Industrial Co. Ltd.

(hereinafter referred to as "Ajka Aluminium Ltd")

Bids may be submitted by specifying the bid price for a quota with a rounded nominal value of HUF 1,591,040 thousand, representing 90 % of the registered capital of Ajka Aluminium Ltd.

A quota with n rounded nominal value of HUF 176,780 thousand, representing 10 % of the registered capital, shall be separated by Hungalu Rt. from the quota representing a 100 % stake, which shall, following the closing of the tender, pursuant to Act XXXIX. of 1995., amended by Act IV. of 1997 be offered for sale at 50 % of the accepted bid price to the employees of Ajka Aluminium Ltd., as well as TIAL Ltd. and Hungamola Ltd. owned by Ajka Aluminium Ltd. who may exercise this

purchase option within 60 days from the date of publication of this offer. In the event the employees do not, or do not wish to

exercise fully the option to acquire ownership in Alka Aluminium Ltd., bidder shall be obliged to undertake to purchase the remaining quota as well on the conditions specified in its bid.

The purchase price may be paid in cash only, neither deferred payment nor payment in instalments will be accepted by the Contracting Party. Bidders may not use the E-loan facility. Foreign bidders may submit bids in which they determine the bid price in n foreign currency accepted by the National Bank of Hungary as a convertible foreign currency. Such bids shall be accepted by Hungalu Rt. at the foreign exchange purchase rate as officially quoted by the Hungarian Credit Bank (MHB) on

Participation in the tender is subject to purchasing, against signing a confidentiality agreement, for n purchase price of HUF 200,000 + VAT, or n corresponding convertible foreign currency amount calculated at the foreign currency buying rate quoted by the Hungarian Credit Bank (MHB) for the day of payment of the above purchase price, the detailed invitation to

tender as well as the Hungarian and/or English language tender documents including the Information Memorandum prepared by Ajka Aluminium Ltd. containing the major economic data deemed material to the tender. The documents referred to in the Information Memorandum are available in the Hungarian language.

The above HUF 200,000 + VAT amount, that is, altogether HUF 250,000 shall be payable in cash, or shall be transferred to the Hungalu Rt.'s account No. 10200971-20100690-00000000 kept by the Hungarian Credit Bank [Magyar Hitel Bank]. The tender documentation shall be available only against presentation of a cheque or transfer certificate evidencing payment of the

from the 14th April, 1997, on working days between 9.00 a.m. and L00 p.m. Telephone: 36-1-175-65-28, Telefax: 36-1-175-58-02

Bidders shall, as an earnest of their bid, deposit, not later than the final date of submission of bids, a bid bond of HUF 10 million to the account No. 10200971-20100690-0000000 opened for this purpose by Hungalu Rt. with the

Hungarian Credit Bank Ltd. (Magyar Hitel Bank Rt.). Bidders shall provide evidence of payment of such bid bond upon submission of their bid. Any fees or bank charges payable for the transfer of money shall be borne by the bidder effecting

Bids shall be submitted in person or by a proxy holding a power of attorney, in the presence of a Notary Public, at the above

between 9 a.m. and 11 a.m., on the 15th of May, 1997,

in 5 Hungarian copies, in s sealed envelope which bears no name of the sender, with the original copy marked as "original". Foreign bidders may enclose an English translation to the Hungarian version of their bid, of which the latter shall be deemed

"Ajka Aluminium Tender II."

Bidders shall recognise and accept that the winner of the tender shall, within 30 days from the date of ootification of the award,

enter into a purchase agreement with Hungalu Rt., and shall, if necessary, extend the validity of its bid and the maturity of

Participation in the tender shall be subject to the bidder undertaking to maintain its bid for 120 days from the date of

information on the tender and on major data and characteristics of Ajka Aluminium Ltd. is available at: HUNGALU RL, Directorate of Privatization, Telephone: (36-1)-175-65-28, telefax: (36-1)-175-58-02.

The tender documentation shall be available at the Privatisation Directorate of Hungalu Rt., in Room 419., at 85. Margit krt., Budapest, IL.

Bids shall be evaluated on the basis of the conditions set forth in the tender invitation.

licly acknowledge us," says Mr David Taylor, the Greens' "principal speaker" (the party bas no

The Liberal Democrats, who had 26 MPs in the last parliament, are the third biggest party in the UK. Their manifesto, published last week, was described by Friends of the Earth, the environmental pressure group, as the "greenest" ever issued by a main political party.

When the Green party launched lts manifesto a week earlier, lt barely had a mention in the media even though some of its policies were relatively close to those of the bigger parties. "We have to levy taxes to reflect the environmental cost of particular activities," says Ms Miriam Kennet, another national executive member. This is a view well within the

Wasteful consumer aspirations'

Extracts from Green party policies

Industry: Competition, and inequality now characterise modern industry. The race for riches has fuelled the growth in consumption, Global marketi reflects and promotes wasteful consumer aspirations which cannot be met sustainably . . . The funding of projects has become dominated by the potential short-term monetary return. Banking practice and the preoccupation with short-term profits now displace wider considerations.

Europe: The Green party favours continued membership of the EU white iking reform from within, but opposes Britain's membership continuing in the long term if the EU is not reconstituted on sound ecological principles. Defence: It must be clearly and unambiguously defensive, so clearly that. this defensive intention is obvious to other nations as well as ourselves. This will reduce the fear which leads people to accept the arms race.

boundaries of conventional policy districts. Membership has dropped thinking. But the British Greens are at a

particularly low ebb, fielding only 90 candidates at the general election compared with 225 in 1992. There are more than 600 voing

from 20,000 in the balcyon days of 1989 - when the party won 15 per cent of the vote in European elections, but still gained no seats to about \$,000 today.

"After 1989, we have had real

More election news at the FT website http://www.Ff.com

trouble convincing people that a

vote for the Greens is not

wasted," says Mr Barnett, More-

of its European affiliates.

over, money problems loom large:

But because the popularity of

become richer - Britain's eco-

nomic upswing could provide

hope. And with the Labour party

front-runner in the election opin-

ion polls - and promising a

national referendum on propor-

tional representation - Britain's

Greens have at least some hope of

### THE PROPERTY MARKET

### Building on history

St Petersburg is recovering its poise, says John Thornhill

ver since lt was founded by Tsar Peter the Great in 1703, St Petersburg has scrapped with Moscow for power and privilege. During its two centuries as

the Russian Imperial capital. St Petersburg blossomed into one of Europe's richest and most beautiful cities.

But Russia's capital moved back to Moscow following the Bolshevik revolution of 1917, and the ancient Slavic city has been lording It over its northern rival ever since. Tha embrace of capitalism hns only reinforced Moscow's pre-eminence as the centre of financial and political power.

There are some tentative signs, though, that Russia's "northern capital" is beginning to recover its purpose and poise, reflected by the first glimmerings of activity in the property market. A clutch of new office development projects is due to open meet the demands of foreign companies and richer Rus-

sian businesses If successful, these proects could stimulate n wave of new building and urban refurbishment as developers atart moving in force into one of Europe's biggest great untapped property says.

The most high-profile project is Nevsky 25, a 10,000 sq m office and retail development, which has been dogged by delays but is due to open this summer. On the Nevsky Prospekt,

in St Petersburg to offer tenants top quality space meeting the highest international standards. With an on-site property

air-conditioning, beating and security systems, and modern telecommunications. Nevsky 25 expects to ettract top-notcb tenants. With base rents of \$700 to \$800 per sq m, Nevsky 25 is expensive by any standards - except those of Moscow, where office rents topping \$1.000 per sq m are not uncommon.

Europe, the chief project branch offices.

Cocupancy (sq m) (\$/2d (II) **Property** (ag m) (m ps) 10,000 Europá House 8,500 Italianskaya 5 2,200 1,902 298 Nevsky 30 2.100 - \*.700°, Total from all 58,014 39,125 16,889

4,000 1,000 3,000 1,000 8,400

Investment Corporation of the US. "Everybody is looking to see bow our building does. If

math of the collapse of the

"St Petersburg is developing into n very important regional centre," says Mr Jeremy Cordery, local marketing manager for Morrison, the UR-based property

Morrison is building 7,500 sq m of office space by redeveloping White Nights House, opposite the Astoria \$20m. It is also planning to develop a 169-room hotel in a prime location off Ostrovsky Square.

he company eventually aims to sell its developments to institutional investors, which will help establisb benchmark prices for the investment market. The possibility that investors can buy land in St Petersburg, which is not the case in most other Russian cities. will also count in its favour in future. At present, a 49year lease is considered a long enough timescale for most developers.

Mr Cordery argues that. despite the inevitable frustrations of operating in an entirely new market, there are advantages to be gained from establishing a presence early on. "I think we have potentially excellent market," he says.

Swedish group, which is developing 4,000 sq m of office space in the Sweden House, and Zadalhoff, the German property agency. which has already opened a 2,200 so m office development at Italianskaya 5.

Apart from tha big developments, there is also a growing amount of activity by both Russian and foreign companies in upgrading existing office space owned by the city government or various state institutions. The rapid fall in Russlan interest rates is expected to make this a particularly sttractive speciality for local property companies.

HIB, a small entrepreneurial developer, is aiming to satisfy the middle market by refurbishing existing city centre propertles to an rental cost of less than \$400

walled buildings. "The barrier walls can be a metre thick." says Mr Magnum "St Petersburg may crumble but

# Offices in St Petersburg: rich potential Available now Price (3g m)

Available in the future 4 5 0 3 5 400 Nevsky 25 5,400 Sweden House Source: DTZ Debenham Zodelhoff

developer, says the redevelopment of Nevsky 25 and the construction of s six-storey retail and office site within its historic shell will cost \$30m. Part of the financing over the next 12 months to has been provided by the European Bank for Reconstruction and Development and the Oversens Private

it goes well then you will see a lot more development of cities and perhaps its last high-quality projects," be In the immediate after-

Soviet Union in 1991, St Petersburg was eclipsed by Moscow, which proved far more edept at attracting the bulk of the country's banks end foreign investors. But the building will be the first some big foreign consumer products companies are beginning to establish their presence in St Petersburg to satisfy a potential market of 5m consumers. Coca-Cola management team, the latest bas already built a drinks plant on the edge of town and Wrigley's and Gillette

are set to follow. Scandinaviao companies, In particular, have been active in the St Petersburg market and the long-awalted development of the city's port should bring much new business. Western companies, such as accountants, lawyers and consultants, are ing manager for Golub also establishing sizeable

Other ploneering developers in the St Petersburg market include Skanska, the It will never collapse."

acceptable standard with a a sq m. "This market is a little skinny at the moment," says Mr Mark Magnum, managing director of RIB St Petersburg. "There are a lot of lowcost, low-quality offices and there will be a lot of highquality, high-cost product on ... the market, but there is not a lot in between." One complexity is that St-

established a very strong Petersburg was built on a base for future growth in o swamp, resulting in thick-

#### MANAGEMENT

hen an American menager appointed to head his group's French subsidiary invited all his colleagues to e Sunday housewarming party, he was delighted that everyone showed up and returned his friendly smiles.

What he did not see was the agony of his guests - who felt obliged to attend - desperately trying to avoid their superiors and inferiors in the corporate hierarchy with whom they would never exchange a word at the office. Nor did he see their embarrassment at having their private lives exposed and their spouses put on show.

There is a total separation of business and private life in France," says Michael Johnson, a journalist turned manager whose experiences working for a Gallic enterprise rapidly shattered the romantic view of Paris he had cherished as a tourist and an expatriate observer.\*

The activities of two French utility, construction and communlcations companies - Lyonnaise des Eaux acquired Northumbrian Water last yeer and Générale des Eaux was awarded two UK rail franchises - highlight the growing influence of French business in other countries. Yet surprisingly little has been written ebout their distinctive management style.

Jean-Louis Barsoux, researcher at Insead, the French business school, says: "It is dangerous to generalise, but you Challenge French corporate hierarchies at your peril, warns Andrew Jack

# Caste in stone

hear these things so often that there has to be some truth in individuals in business are those them." He says being a manager brings a social as well as a professional status in France, and those at the top normally acquire their position after graduating from one of the country's "grandes ecoles" - a broadly meritocratic system which produces intelligent, numerate and often cultured individuals.

From early in their careers. these individuals switch between the public and private sectors, building experience and strong relations and friendships which serve them and preserve their power in future.

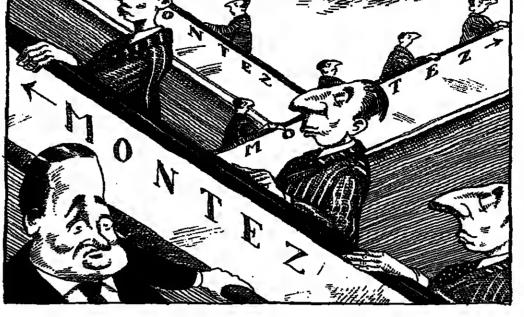
There is an even bigger distinction between those classified as managers or "cadres" in a company - with specific legal rights and entitlements - and other employees, whose prospects are more restricted, who stand little chance of becoming cadres and reaching the upper echelons, and who may become demotivated and resentful.

The assumption is that the best in charge, and that everyone heneath them has their rightful place in the hierarchy.

This helps to explain why consulting firms are less developed in France than elsewhere. "Consultants have had a ball in Britain, where management has been relatively unprofessional and not very system-driven. says Peter Lawrence of Loughborough University in the UK and co-author with Barsoux of a book on French management cul-ture. \*\*French executives tend to he diemissive, considering them as thickos trying to sell them gross simplifications.

The fact that e French approach to business exists - and is distinct from those operating elsewhere - need not be e problem in itself, even if It is curious and frustrating for a foreigner thrown in from the outside.

Indeed, it has served the French and their national economy very well in the past. It was staff and responding to uncer-



particularly well adapted to the rapid reconstruction after the second world war, and to companies specialising in the industrial and technological sectors which

its education system nurtures. The difficulty is that giving preference to brain power, theo-retical reasoning and technical ability can exclude other managerial qualities, such as motivating

tainty. This is typified by the French joke ebout a sceptical civil servant who, presented with an idea, says: "That's fine to practice, but it'll never work in theory.

A company with a rigid hierarchy based on educational qualifications risks squandering late developers who did not go to the right university. It also creates s workplace in which staff in the

lower ranks react with what Barsoux calls "impersonal contractualism": taking refuge in a dogmetic interpretation of rules. procedures and written instructions rather than attempting to be innovetive and flexible to

changing circumstances.

Given the growing importance of the service sector, in which such qualities are ever more necessary, that could pose serious

are e handful of very successful international French companies, says Johnson, "But they tend to be those which are far more open. What you don't see is the long tail of depressed companies which are not reaching their full notential and are increasingly doomed. Growing numbers of French

challenges for the future. "There

companies are being exposed to different rules and organisational cultures - through takeovers and mergers, expansion into foreign markets, or EU regulations: and more individuals than ever bave been educated or have worked in ather countries.

Johnson points out that a distinctively Gellic approach to business is being undermined. if only because what he calls the "French corridor" is so narrow. "The French language is very constrictive in a world especially in husiness - which wants to speak English," he

Barsoux is not so sure that the French way of doing things is on its way out. He concludes in his updeted book on French management, to be published this year. that the different possible ways in which the business world may develop, and the French genius for exploiting them, should not be underestimated.

\*French Resistonce, Michael Johnson. Cassell, £14.95. \*\* Management in France. Jean-Louis Borsoux and Peter Law-

enior managers who have joined the crews of one of the world's toughest yacht races are discovering new management and husiness insights. Alan Rudge, deputy chief

xecutive of British Telecommunications, competed in the Wellington to Sydney leg of the BT Global Challenge, a round-the-world yacht race pitting 14 amateur crews against the elements and each other.

Among the full-time competitors still with the race is Humphrey Walters, chief executive of MaST, an international training company. While Rudge and Walters both joined the race for different easons both say they have learnt important lessons from their experience.

For Walters, crewing the vacht Ocean Rover has led to e fundamental rethink of his approach to training. Firing off memos to his company from the

# New wave of thinking on teamwork

Managers have learnt valuable lessons from a yacht race, say Keith Wheatley and Richard Donkin

boat, he has started changing training programmes and internal procedures. Six tests in widespread use throughout the company have been ebandoned. "I've said we should drop them because we now heve better evidence of things that work," he says. "For me it's a husiness

venture, not a jolly round the world," says Walters. "Most case studies of team huilding and management development are very short. This is a 10-month intensive case study of all things you need in working life. The difference is that in business you go home at the end of the

"It's a far more strict chain of command on board than in business, because it's a more

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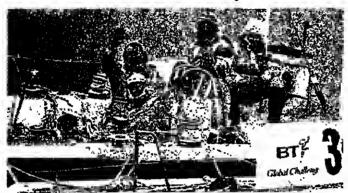
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Close quarters: Ocean Rover at the start of the Wellington to Sydney leg

hostile environment at sea. The risks and the downside are too great to screw np. Yet there is no blame culture on the boat. We hlew a spinnaker

and the conversation about why it happened was 30 seconds. "In business it's very different. You spend hours,

days, analysing what went

wrong and who's to blame." Walters sends back e monthly newsletter to MaST clients. "The response was so good that clients of clients have been phoning us up and asking for copies," he says, "It's more about the team-building and management experience than about sailing."

Alan Rndge, who first introduced the concept of using sailing as e husiness tool at BT, both for its team-building qualities and as a means of promoting the company, made similar discoveries when he joined the crew of the yacht Global Teamwork.

"I thought about it beforehand as a management problem. I decided first of all to keep a very low profile. I certainly didn't

want my position et BT to get in the way. I volunteered for all the dirty jobs. I cleaned the beads [toilets] and did the washing up before we got going. I wanted to signal that I was willing to be part of the team and wasn't going to be stand-offish," he

"I tried not to be demanding. It's bloody difficult for arrogant bastards like us but I just shnt up and did as f was told, I made a conscious effort not to be pushy and not to make suggestions.

Taking e back seat was doohly difficult for Rudge because he is an accomplished sailor in his own right, heving competed three times in the Fastnet race. but he knew that a powerful

bond already existed within the core crew which bed elready endured the gruelling voyeges ecross the Atlantic and the

Southern Ocean. Rudge says he found that the greatest motivetor et sea was the fear of letting down his crewmates. "It is probably the biggest pressure of all. It is not stretching it to say your life is in their hands and their's is in

The sailing ethos now seems firmly entrenched et BT. "Taking people out for a day on e sailing boat as e wey of getting to know them, we beve found, has proved invaluable," says Rudge.

Walters says he has learned lessous for his own benefit. "Things I take for granted I'm not going to assume that others do," he says.

"I probably woo't do anything blindingly oew, but what I will do is re-shuffle and re-invigorate aspects of the way my husiness and I work.

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# Matters of life and death

Nicholas Wroe talks to the American poet and undertaker Thomas Lynch

exception. However, to the ohvious glee of his publisher, Lynch's daily grind is not in the bank or even the latter day hum-drum of the university campus. Lynch earns a living by hurying "a couple of hundred of his fellow townspeople each year". He is the local undertaker, as was his father before him, to the small community of Milford, Michigan.

In an inspired synthesis of his apparently disparate trades although what self-respecting poet does not keep a professional eye on questions of mortality? Lynch this week publishes The Undertaking (Cape, £9.99) a stunning collec-tion of essays which puts flesh on his conclusion after half a century of living around funeral parlours that, "undertaking is less to do with what is done to the dead, and more to do with what the living do about the fact of life that people

Speaking to him he appears the epitome of mid-western solidity. In are scared of dead bodies. "Believe

t is an economic necessity a white cheesecloth shirt buttoned me", he says, "no dead body can because it happens in our neighfor most poets to have a day to the neck and beggy hine jeans scare you as much as some living joh and Thomas Lynch is no pulled high over tha waist he ones. A dead body is safe". wouldn't be out of place with e pitchfork in Grant Wood's painting "American Gothic". But just like his hook, there is more to Lynch than a simple integrity. This staid pillar of the community regularly surfs the Internet and while he is a long-standing Rotarian he is also, and again following dad, a long standing member of Alcoholics Anonymous.

The Undertaking's unclassifiable combining of personal histories, pathology and hard-earned wisdom is mixed with a delicately illuminating poetic insight. It is both serious - how can the brutal murder of children not be - and wryly humorous. His fscility for showing both respect and professional realpolitik is seen in his reaction to his publisher delivering coffins around London - for bookshop window displays - in a hearse, "Well", he smiles, "coffins do fit nicely in hearsas". He remains bewildered that peopla

nd he should know. In The Undertaking we read about the way he has "dressed and casketted" both his father and grandfather - "I know what I'll look like dead" - as well as an octogenarian aunt who died in the same room in which she was born. We also hear of the child killed by a stone hitting her car and the reconstruction of e girl's face after she had been raped, strangled and bludgeoned with a baseball bat, Lynch's work serving to "retrieve"

the girl from the madman's frenzy. There are passages in The Under-taking that heguilingly conjure an idyllic small town American way of life, but there is also death and bereavement as there always has been. Likewise suicide, but with the advent of Dr Jack Kevorkian and his promotion of assisted suicide, Lynch feels compelled to speak out.
"I wanted to be on record

bourhood. Having the right to die sounds beantiful, but we've always had that right. What he's doing is all together different and while f don't halieve there's e right answer, I do believe we can debate it better than we do now. We can teli how badly it might go hy looking at abortion, another issue about which there is no right answer. As soon as the law became involved it left no room for any-

thing but extreme views. "Sure we can all egree when some poor suffering soul is within hours of death and we all know what to do in that case - doctors have been acting in those cases for a long tima - which is different from Kevorkian declaring a constitutional right to assistance. I'm trying to de-romanticise this thing because I see the bodies in the back of the van. I see somebody who may have tried suicide several times and for reasons known or unknown didn't accomplish it. I say that's natural. We've shied away from saying things are just plain wrong. We say they are ille-

tional. But sometimes we should say 'that's wrong' even if it's not illegal".

But no matter how they die, Lynch & Son will bury them and take pride in doing so. Although he acknowledges Jessica Mitford's role in raising the issue in her book The American Way of Death, be strongly contends that "because we don't like the idea of funeral directors making money, or some of the crass things that are done, doesn't mean wa should do away with funerals. It means we should do away with those things and take back to ourselves that which is most meaningful. We have done ourselves a disservice by saying funerals are uncomfortable so let's not have any. In the end we'll spend as much on shrinks or bar hills. While we ontnumber the deed at a funeral, all of us are outnumbered by the dead before us, and how we fit that into our lives is important." And, as he sensibly concludes, "When some-Mitford. They called me."



Thomas Lynch: questions of mortality

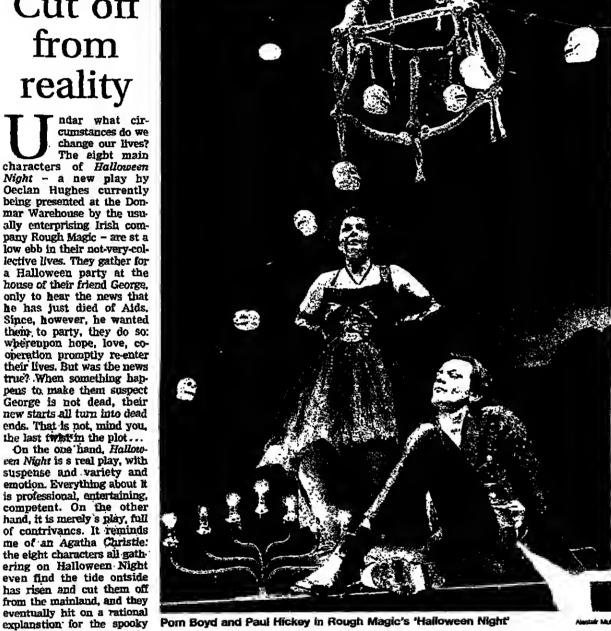
Theatre

### Cut off from reality

cumstances do we change our lives? The eight main characters of Halloween Night - a new play hy Oeclan Hughes currently being presented at the Donmar Warehouse by the usually enterprising Irish company Rough Magic - are st a low ebb in their not-very-collective lives. They gather for a Halloween party at the house of their friend George. only to hear the news that he has just died of Aids. Since, however, he wanted them to party, they do so: wherenpon hope, love, cooperation promptly re-enter their lives. But was the news true? When something happens to make them suspect George is not dead, their new starts all turn into dead ends. That is not, mind you, the last twist in the plot ...

On the one hand, Hallow een Night is s real play, with suspense and variety and emotion. Everything about it is professional, entertaining, competent. On the other hand, it is merely's play, full of contrivancs. It reminds me of an Agatha Christle: the eight characters all gathering on Halloween Night even find the tide ontside has risen and cut them off from the mainland, and they eventually hit on a rational things that happen in George's house. It reminds me also of the corniest trick in . An Inspector Calls: having learnt to reform their lives one way, it only takes another plot contrivance here. Though the actors and (was the inspector a real inspector?) for the eight ther Ireland nor politics are characters to unlearn everything top-speed and to turn their hopes into Bedlam. It reminds me also of several other plays, all of them melodramatic. But it seldom

reminds me of life. It is up-to-date, mind you.



One of the four marooned couples is gay. Aids, coming out, male prostitution, marital infidelity, drugs, pregnancy: all these are issues their roles are all Irish, neiissuss. (Which comes as something of a relief to this theatregoer, but never mind.) The characters start to compare their plight to "Tha Raft of the Meduss" (very Julian Barnes). Géricault's huge painting is his plot that ona coople

most melodramatic climax ("Here come the waves!") seven of the characters climb onto the table in a picturesque tableau that reproduces Géricault's very neatly. (Too contrived by

half, all this.) Holloween Night is not boring. It has some good jokes, and I like the fact that Hughes so structures

reproduced, virtually at (the gay couple, actually) actual scale, on one wall of only find hope and commit-the set; and at the play's ment at the point when the others are all splitting apart. The cast, directed by Lynne Parker, handie the highs and lows of their situation with tact and effectiveness. Still, von hava to be pretty silly to be seriously manipulated by this artifi-

cial, polished, taradiddle.

high spirits and serenities, and even its sudden chill Alastair gust as the Tsarevich falls, is Macaulay more dream than fact; the

s the Royal Opera House prepares for its two-ann-a-market year year closure there is a temptation to look across the Channel with a degree of envy. People may not like Mitterrand's grand opera-house at the Bastille, but at least the French have

huilt it, and it works. There is s full season of productions, and audiences are healthy. The problem area remains the acoustics, which can be unhelpful (and to install an optional electronic sound-system is not the answer). For audience comfort there are probably few opera-houses in the world where one would rather sit through four-anda-half hours of Wagner's epic

Parsifal. The experience of seeing this most swe-inspiring of the composer's music dramas in the theatre is rarely as unlifting as one might hope. Producers today tend to find its complex web of religious and mythical allusions harder to untangle than they do the politics of the Ring or the straightforward human dramas of Tristan und Isolde and Die Meistersinger. In Paris, the

n its revised produc-

tion, made last year and

now returned to the

repertory, Kenneth

MacMillan's Anastasia has

been pulled into tight

focus. Some editing of the

score and the new design hy

Bob Crowley are to be

present us with the Russian

imperial family, are more

than ever like dream-memo-

ries of reality: they are what the Anna Anderson in the

Berlin hospital of the last act

thinks she recalls, hopes she

recalls. The enclosing grey

walls of Crowley's set, the

distorted locations, prepare

us for Anna's nightmare

vision as she seeks her iden-

The dance-text is clarified

hy this re-thinking: the first

act choreography, with its

thanked.

Opera in Paris/Richard Fairman

### In search of the spirit of **Parsifal**

gence to the task with predictably clear-headed results, but the spirit of Parsifal eluded him, as it has so

worked best when it simply kept its mind on the story and put the events and characters in their place without directorial interference. The sparse sets by Paul Brown just a solitary tree on a Psrsifal miraculously white stage - were clearly a catches the spear dissolved pointer towards the same into laughter, as one of the streamlined style that has angels picked it up and served Vick well in the past. but somehow there are so many acres of Parsifal waiting for the producer to logue of errors, it has to be fill them in.

Wagner's symbols without tions; and in his handling of Vick applied his cool intelli- of his own: a symbolic rock was more sdept than most. in the pit at the Bastille.

which descended portentously from the flies and a camp quartet of angels with rainbow wings. Instead of being fired by passion in the second act, the singers were his production slowly rotated on the stage revolve, like steaks warming on s spit. And Vick let us down st the opera's big moments: the transformation scene became a sheet pulled along s washing-line and the coup de théâtre when

If that reads like a catasaid that they were no worse Having retained all of than in other recent produc-

minced across the stage with

He had worked out a convincing split personality for Kundry with his singer, Kathryn Harries, and it was a shame that her always wayward soprano failed to carry more strongly in the Bastille. Thomas Moser sang the title-role with very spe-cial musicianship, but did not progress beyond making Parsifal the ordinary guynext-door. Wolfgang Schöne was a coarse Amfortas and Jan-Hendrik Rootering sang an impressively strong Gurnemanz, while looking restless at not being able to play a man of action.

in sum, this might not have added up to a very distinctive Parsifal. But Armin Jordan and the Orchestre de l'Opéra National de Paris matched the production's mood and pace tellingly. This was by some way the fastest performance of the opera I have witnessed, outlining the essence of the score with streamlined simplicity. Much of it in retrospect was rather hland, but thanks to some high-quality plsying there was a luminous beauty and warmth to the music that lifted the evening on to s higher plane. These days, France's number British producer Graham comment, Vick added more the soloists and chorus, Vick one orchestra is to be found

Ballet/Clement Crisp

### Two Annas of promise

tasy arena which will fall to the invading Bolsheviks. It is with the third act, and Anna's wild flight through her own anguished psyche, that this earlier text is given perspective.

I sdmire Anastasia, and when it returned to the Covent Garden repertory on Monday, I greatly liked Leanna Benjamin's Anna - s reading taut, drawn on the knife-edge of neurosis, tragically clear in intention and image. Every least nuance of Anna's feeling, her anxious clutching at straws of memory and her no less desperste journey towards identity.

The first two acts, which ball-room of Act 2 is s fan were shown with searing intensity. This is a hearttearing portrayal, shaped in long spans of despairing

> energy On Wednesday, Gillian Revie made an impressive debut in the role. One might complain she is physically too tall for the child of the first act, but the girl's innocence was well shown and for the tragic survivor of the last act, she has the nervous force, the fine-drawn and distraught line of limb, that tells everything of the choreographic message. Revie is a beautiful young woman, and she is seen here - as she

was when she played Mary

Vetsera in Mayerling - as a dance-actress of exact and touching gifts.

In secondary roles, I greatly admired Elizabeth McGorian and Nicola Tranah as the Tsarina, and 5tuart Cassidy and Gary Avis as Anns's husband: both men play with entire sympathy for Anna's swift-changing emotions, and partner with oo less responsive skill. Some of the other performances - notably in the ballroom divertissement - were feeble, and the Tsar is a hit of a stick.

On a cross note, I record that the production appears to have been flung on to the stage. Lighting is errant (the sea in Act 1 may be hillow ing fahric covered with aequins, but we shouldn't see this), and at both performances, the film clips that are vital to the start of Act 3 were fudged: out of focus on Monday: non-existent on Wednesday, inexcusable.

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CONCERT Concertgebouw Tel: 31-20-6718345 Gidon Kremer and Oleg Maisenberg: the violinists perform works by Schubert and Kantsjeli;

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Fundació la Caixa Tel: 34-3-45BB907 Oskar Schlemmer: this exhibition, the first retrospective of Schlemmer's work in Spain, brings together a representative selection of works from all stages of his artistic career. On display are his Cuhist paintings, works which present his ideas on theatre and dance, as well as drawings done from the window of his house during the period when the Nazi regime had labelled him as a degenerate artist and forbade him to work. Also included are filmed

reconstructions of the Sallet

Triadico and the Bauhaus ballets;

### to Apr 27

BERLIN **OPERA** Deutsche Oper Berfin Tel: 49-30-3438401 Eugene Onegin: by

Tchaikovsky. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin. Soloists include Ute Watther, Eva Johansson, Nadja Michael, Kaja Borris and Lucio Gallo, Apr 15

#### DUBLIN EXHIBITION

Irish Museum of Modern Art Tel: 353-1-6718666 Scream and Scream Again: group exhibition exploring the role of film in contemporary art. Featured artists include Sadle Benning, Douglas Gordon, Isaac Julien, Tony Oursier, Lisa Roberts

and Marijke van Warmerdam; to

#### Apr 16 ■ LONDON

CONCERT Royal Festival Hall Tel: 44-171-9604242 lan Bostrige: performance by the tenor accompanied by the planist Julius Drake. The programme includes works by Schubert; Apr 14 Zurich Tonhalle Orchestra: with conductor David Zinman and planist Radu Lupu perform works by Brahms and Beethoven; Apr

EXHIBITION National Portrait Gallery Tel:

#### 44-171-3060055 ● Variations on a Theme: exhibition celebrating Britain'a musical heritage of the past 150 years, including some rarely seen images from the gallery's . archives. Composers featured include Coleridge Taylor, Britten and Rawsthome; to May 26

JAZZ & BLUES Pizza on the Park Tel: 44-171-2355273 George Melly: performance by the English jazz trumpeter and vocalist; Apr 12

#### MADRID

**EXHIBITION** Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062 Gerardo Rueda: display centering on Rueda's collage work, which first appeared in the early 1960s. On view are some 100 places; from Apr 15 to Jun

#### NEW YORK

EXHIBITION MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400 ■ Hannah Höch: exhibition of work by the German artist who began experimenting with photomontage in Berlin just after the first world war, when a member of the original Dada movement. On dispay are 100

up to her final works in the 1960s; The Metropolitan Museum of

covering her earliest experiments

examples of Hoch's work,

Art Tel: 1-212-879-5500 The Human Figure in Transition: American Sculpture from the museum's collection 1900-45: selection of smaller-scale sculptures from the

musuem's collection, illustrating both classical and more radical tendencies in modern sculpture from the first half of this century. Artists with work on display include Lachaise, Nadelman, Hoffman and Gross; from Apr 15 to Sep 15 **OPERA** 

Metropolitan Opera House Tel: 1-212-362-6000 Eugen Onegin: by Tchaikovsky. Conducted by Antonio Pappano, performed by the Metropolitan Opera. Soloists include Gallna Gorchakova, Francisco Araiza and Viadimir

#### OXFORD

Chemov; Apr 14

EXHIBITION Ashmolean Museum of Art & Archeology Tel: 44-1865- 278000 Life Drawings: selection from the museum's collection examining the study of the human body since the early 16th century. Artists with work on display include Michaelangelo, Raphael, Rubens, Pissarro and Cézanne; to May 31

#### PARIS

EXHIBITION Hôtel Dassauft Tel: 33-01-42 96 12 23 La Principauté de Monaco, 700 ans d'histoire: exhibition

#### marking the 700th anniversary of Culture; to Apr 15 Monaco, tracing the history of both the principality and the Grimaldi dynasty. On view are

THEATRE Odéon - Théâtre de l Europe Tel: 33-1 44 41 36 36 A Dotl'a House: by Ibsen (in French). Directed by Deborah Warner and performed by the Théâtre National de Bretagne and the Odéon-Théâtre de l'Europe. The cast includes isabelle Huppert and Andrzej Seweryn; to

works from the collections of the

Palais de Monaco and the Musée

National de Monaco; to

#### PRAGUE EXHIBITION National Gallery - Sternberg Palais Tel: 420-2-24510594

 Saint With Book: exhibition marking the return to Prague of an important 14th century statue "Saint With Book", purchased by the National Gallery at an auction in Zurich last year, to Apr 27

#### **THESSALONIKI** EXHIBITION

Thessaloniki Cultural Capital '97 Tel; 30-31-867860-6 Exhibition of the Velimezi Collection: exhibition of Byzanbine icons from the 15th, 16th, 17th and 18th centuries, on display for the first time after restoration in the workshops of the Benaki Museum. The exhibition takes place at the Museum of Byzantine

#### ■ WASHINGTON **EXHIBITION**

National Gallery of Art Tel: 1-202-7374215 Picasso: The Early Years,
 1892-1906: exhibition revealing
 Picasso'e achievements before the advent of Cuhism. Beginning with Picasso's formative years, this selection of about 125 objects traces the artist's close contact with Catalan modernism in turn-of-the-century Barcelona and his subsequent emergence in Paris. With a close examination of Picasso's Blue and Rose periods the exhibition cuiminates with his monumental figure pictures of 1906, which were influenced by ancient iberian sculpture. in addition to paintings, drawings and pastels, the display also includes sculpture, prints and smaller works; to Jui 27

#### ZURICH EXHIBITION

Kunsthaus Zürich Tel: 41-1-2516765 Çallum Innes: display of watercolours by the Scottish painter, a recent Turner Prize finalist who's works attempt to reflect the colours of the Highlands and skyscapes of his native country; to Apr 27

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14

Philip Stephens

### Campaign jitters

Labour is still well ahead in the opinion polls but seems to have lost some of its sureness in recent days

Moet British general elections have a "wobbly Thursday", e moment in the campaign when the party out in front falls prey to neurosis. An impregnable lead somehow seems to be slipping. The other side has got its hands on the agenda. The media have become inexplicably bostile.

This time it is Tony Blair's turn. Let us be clear. New Labour's campaign, as some excitable reports would have it, is not falling apart. The media live by soundbites. In the weeks before an election they amplify the smallest change in volume many times over. The underlying rhythm of the campaign is often lost as todey's disaster merges into tomorrow's triumph.

Yet there has been e change. In a metter of e couple of days, New Labour seems to bave lost its sureness. There is a perceptible ehbing of confidence among the principal players, the cheerful smiles replaced by certain tetchiness.

This finds an instant echo in the Conservative camp. Lost for most of the past three weeks in a fog of sleaze and indecision, John Major seems to have found some bearings. The prime minister looks exhausted. but his escape (albeit I suspect temporarily) from the cash-for-questions affair has given him a lift. Privately, he is scarcely exuberant. But publicly, when it counts, he is managing to crack e few jokes.

New Labour's campaign is the most sophisticated it has ever run. It's glamorous a photo-pageant, and it's glitzy, and it must be costing more than Old Labour could ever have

dreamed of. In spite of the ritual disavowals, the party has borrowed heavily from the successes of President Bill Clinton's New Democrats. Instant rebuttal of opponents' ettacks, organisational precision and "staying on message" are

the recurring themes. The serried rows of staffers and computers in the party's headquarters et London's Milibank Tower have been pre-programmed to a simple message. Divided keep his word.

and corrupt after 18 years in office, the Conservatives have broken faith with the netion. Mr Blair has re-established his party as (and he repeats the adjective wherever he goes) a mainstream alternative the voters can trust. The discipline extends to the leader's extensive tours of the country. The most

etriking impression one takes from travelling with Mr Blair's entourage is of the perfect choreography. The forays into the reel world of voters are a photopageant, calculated at every turn to put reassurance alongside the promise of change. The props are children, more children, television actors, business executives, and more children. Middle Britain is writ large over every event.

And Mr Blair eiways stays on message. New Labour is not promising the world. How could it after Mr Major's broken promises? It can make e start. It has different values - more nurses to replace the swish company cars of hospital administretors, smeller classrooms instead of subsidies

The foravs into the real world of voters are calculated to put reassurance alongside the promise of change

Clintonesque incrementalism is embedded in the modest pledges of the manifesto. It is all about trust. As far as one can see, his audiences are persuaded he is a politician tough enough to

Yet back in London it is not quite working out as planned. Sleaze is the only issue which has caused real problems for the Conservatives. And it is a selfinflicted wound. The media and I suspect the country even more so, have tired of the story. There are only so many times yon can say thet Neil Hamilton, the Tory MP et the centre of the allegations of financial wrongdoing, should do the decent thing and resign.

In its anxiety to maintain its defences, New Labour has not landed a significant blow. There are plenty of possible targets. But it is as if Mr Major's manifesto, all 20,000 words of it, had never been printed.

By contrast, the Conservatives have found chinks in New Labour's armour. It started with obvious internal confusion over trade union recognition. It is e subject on which the party has still not got its lines cleared and to which Mr Major will return again and again. In recent days, the party has spoken with several voices about its attitude to privatisation. We have seen earlier slip-ups over Scotland, and dissension over the windfall tax

on privatised utilities. Mr Blair's aides have whispered that the burden of the tax will fall almost uniquely on water and electricity companies. The yield will be at the lower (about £3bn-£4bn) end of most forecasts. Few voters blanch et the thought of the water company fat cats getting a nation's mood, not ehout hefty bill. It is e touch harder for business-friendly New Labour to say British Telecommunications is in Rarely has e party so close their sights. Gordon Brown. to power seemed so fearful.

for private schools. This the shadow chancellor, takes a different view. He wants room for manoeuvre My guess is he has in mind

a figure of, say, £5bn. In isolation, none of these slips really matters. The pri vatisation row, for example is part of an Alice in Wonderland debate about the state of the public finances. The truth here, which the parties, of course, will not admit, is that Mr Major has no money for his promised tax cuts, and New Labour will need a miracle to stick to its spending targets.

But each wrangle picks at Mr Blair's wider strategy. Mr Major seems to have e two-way bet. Either the opposition has something to hide or its lukewarm conversion to Conservative pol icies will not stick in office And, for now, Mr Major has the media on his side. He has had a rough patch, so the guardians of the nation's democracy indge it time to dish it out to New Labour. Mr Blafr, after all, is much the more likely to

be the next prime minister. The opinion polls add to the nervousness in Millbank. Two now have pointed to e lead of between 12 and 15 points instead of the 20-plus the party had become accustomed to. Mr Blair knew it would happen. He expects e faster narrow ing in the gap before May 1. Fainter hearts are not quite so rational.

There has been, then, a real wobble. No donbt it will prompt some of Mr Major's colleagues to shuffle off their fatalism. The mood in New Labour's camp may darken further. But we should keep a sense of perspective. Even if the polls are moving, the gap looks impossible to bridge. There is a more important point: this election is ehont the the detail of policies. For some time, it has been Mr Blair's to lose. It still is.

Nombers One Southwark Bridge, London of the second the world Letters may be to draw at

### Political alliance in Poland hardly rightwing

From Mr Mariusz Kuklinski. Sir, Chris Bobinski is the best foreign correspondent in Poland. His report "New constitution divides Poles" (April 4) seems, however, to reflect more general confusion with regard to the posi-tioning of Polish political parties on the left-right axis.

Your author has classified Solidarity Electoral Action (AWS) as "an alliance of rightwing political parties' In fact, while it comprises some very small rightwing parties in the classical sense

of the word, its core - the Solidarity Union - is about as rightwing as National Miners Union in its heyday. anti-communist rhetoric of the former notwithstanding. Political scientists would rightly be horrified to see a pressure group demanding rightwing, this would, however, be e matter of academic inconvenience only.

subsidies to ebout 400 stateowned companies labelled as In the case of an investm banker considering political risk to his portfolio, such

confusion may incur very tangible and painful costs. In fact, as pointed out in an excellent 1994 paper from Harvard Business School on The Gdansk Shipyard (Feb. ruary 24), having a trade union activist for a CEO creates enough foreign direct investment problems to discourage even such a committed investor as Ms Barbara

Piasecka-Johnson This paradox in Polish politics was addressed in an apt phrase coined by the enthor of Polish economic reforms,

Mr Leszek Balcerowicz, who described Solidarity and its allies as "rightwing socialists". An analyst in the City. who for his own reasons wishes to preserve anonym ity, went a step further, describing ROP (Movement for Poland's Reconstruction) as national-left and AWS as syndicalist left. We argue whether the latter should be labelled as militant.

Mariusz Kuklinski, 11 Palm Grove, London W5 4AF, UK

#### ACT change could benefit tax revenues

From Mr Sushil

B. Wadhwani. Sir, I think that Alastair Ross Goobey protests too much (Letters: "Labour tax proposal would hit UK pension funding", April 4), when he asserts that "... the net effect [of the ACT change] on . . . tax revenues may be negligible as e conse-

quence". If one takes the most extreme scenario where all the loss to pension funds from lower tax credits is compensated for hy higher corporate contributions to sion schemes, the revenue loss to the government is only 33 per cent (ie the... corporate tax rate) of the value of the higher contributions. Hence, about twothirds of the revenue gain from lower credits remains in the hands of the government. Since not all compa-

nies would need to raise

From Mr Geoffrey Dicks.

one another over privatisa-

to remember the economics.

Privatisation receipts are e

Sir, As politicians vie with ...

their contributions, the government can expect to keep an even higher fraction of

Mr Ross Goobey is, though, surely correct when he asserts that an advance corporation tax change is likely to depress share prices. However, even here, an important qualification is in order. If no ACT change were to imply no meaningful fiscal tightening in Labour's June Budget (because of political constraints ruling out other tax changes), the entire burden of adjustment would fall on interest rates and, therefore, the exchange

Over time, such an unbalanced policy mix would also depress UK share prices. Hence, although in the short-term an ACT change would cause a significant fall in share prices, a scenario where no ACT change

way of financing a given

budget deficit through the

gilt sales (incurring extra

liabilities) are the alterna-

public sector balance sheet.

implied no fiscal tightening would, over e one to two year period, produce share prices that were only modestly higher than what would be delivered by the ACT cut scenario.

By definition, no tax increase is victimless, and an incoming Labour chancel lor would confront much lobhving against any rise in taxes that he proposes. A failure to reduce the already high structural budget deficit with an already buoyant umer sector would, though, be guaranteed to deliver much higher interest rates and an even more overvalued exchange rate.

Sushil B. Wadhwani, director of research, Tudor Proprietary Trading, The Upper Mill. Kingston Road,

Economics and filling the 'black holes' tive to privatisation (selling assets) not higher taxes.

Geoffrey Dicks. UK economist, NatWest Markets, 135 Bishopsgate, London EC2, UK

#### Design not workable

From Mr David Kenyon, Sir, Brian Reading rightly concludes ("Don't put money on Emu"; April 5) that the Maastricht design for a single currency will not work in

practice. There never was e possibility that even core member states could meet all of the convergence criteria withouta fudge. The mystery is how EU states could have signed up to criteria which they must have known to be unattainable. The Maastricht criteria represent the triumph of political aspiration

over economic realism. Significantly, unemployment rates were omitted: from the criteria. Unemployment rates in the EU range from 6 per cent (UK and Netherlands) to 21 per cent (Spain), Unemployment in France and Belgium is 13 per cents Advocates of monetary union should explain how it. is possible to devise a policy which would serve the needs of member states with such disparate economic circum-

stances. David Kenyon, 29 Woodsyre, Sydenham Hill, London SE26 6SS, UK

#### tion revenues and their role They do not, in e meaningful in various public finance economic sense, reduce gov-"black holes", it is important ernment borrowing. More

From Mr Richard Page. Sir, I find it surprising that the Financial Times should create e misleading impression of the record of UK companies in settling their debts with your headline "Payment record

'among worst in Europe'

(April 9). The very report from which you quote makes clear that the everage time it takes for buyers to settle their accounts is below

the European average. This does not make us complacent, however. The government takes the issue of late payment very seriously. That is why, following the most extensive consultation of small business ever conducted in the UK, we introduced a

requirement for larger

companies to report both their payment policies and performance. The same consultation

UK companies better than European average on debts exercise made clear that small businesses were overwhelmingly opposed to statutory interest payments on debt, which remains the policy of the Labour party. Eight out of nine small business representative.

organisations were hostile to such an approach, which

they believed would be used

against small businesses by

The announcement on Tuesday of a significant

larger firms:

reduction in business rates for small firms is another example of how Conservatives listen to small business and act on their . . concerns, and has been warmly welcomed hy Britain's entrepreneurs.

Richard Page, minister for small business, Conservative Central Office, 32 Smith Square, Westminster London SW1P 3HH, UK

forms, and TV and newspa-

pers. The international com-

munity must be clearer in

safeguarding the integrity of

The third danger is domi-

nance by the Bosniacs, pay-

ing only lip-service to the concept of power-sharing

and effectively monopolising

power for themselves. There

are clear indications that the

Bosniacs are continuing to finance and operate old

mono-ethnic structures and

organs which should have

been closed down in favour

of the new multi-ethnic ones.

well as the secession and

domination options, are

blocked by the international

If the military option, as

Europa • **Carl Bildt** 

### Beyond grand speeches

There are positive signs in Bosnia. but the peace process must not be allowed to slip



about the prospects of Bosnia seems have descended on western capitals. Representatives of

the three constituent peoples of the country constantly point out the failures of the other two to implement the peace agreement fully. Politicians used to the clear-cut policies of war have had difficulty adjusting to the more complex politics of peace.

Yet things are moving forward. It is not unusual to see more civilian airliners than military transport aircraft et Sarajevo airport. The common institutions of the country, set up under the Dayton peace agreement, are meeting regularly without the help of outsiders.

Building the common institutions of the Bosnian state is vital. According to the peace agreement Bosnia will have a minimum state, with limited but clear competencies. Most of the powers will lie with the Moslem-Croat Federation and the Republika Srpska.

Our work now is concentrated on getting the new council of ministers, and then the parliamentary assembly, to agree interim laws to make their state exist beyond diplomatic speeches. Considerable progress has been made on the laws, regulations and hudget decisions necessary to pave the wey for e stand-by arrangement with the International Monetary Fund.

Important issues remain. Monetary unification, by the establishment of a central hank, has not been fully agreed, in spite of the provisions of the constitution. On the Bosniac (Moslem)

side some seem to believe that every move that does not immediately bring about a unitary etate spells the death of their Bosnian dream. To overcome the deep divisions of the country - and make partition impos sible - will take longer than most people realise.

The international community has devoted significant resources to Bosnia, and will continue to do so for some time. But we must work ont how to scale back resources committed to Bosnia without jeopardising the peace.

We must focus on a strategy that blocks the opportunities for political leaders in Bosnia and the region to pursue policies that run contrary to the core of the peace agreement. Yet it must also be a strategy that reduces our responsibility for day-to-day micro-manage-

ment of the divisive issues. Three dangers must be countered. The first is the flag, currency, stamps, tele-

must realise that a renewal of fighting will not be tolereted by the international community. This is obvious as long as the SFOR (stabilisation force) is in place, but must be equally clear after it leaves. Only with the military option removed will it be possible to concentrate on the political agenda.

Secession by the Serbs and

Croats in Bosnia, which could come in creeping and hidden forms, must be resisted. In recent months there have been moves to reforge the old alliance between President Slobodan Milosevic in Belgrade and Mr Radovan Karadzic in Pale. Agreements have been concluded which, in parts, contradict the sphrit and letter of Dayton. This must not

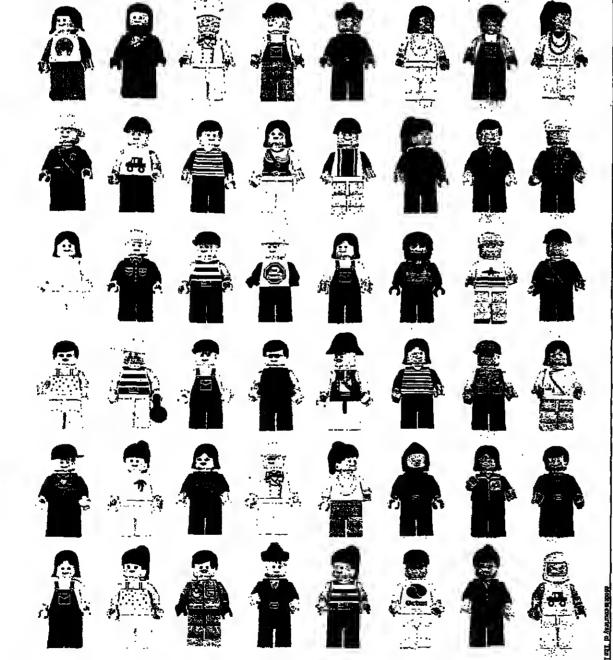
be tolerated. There is equal reason to be concerned with long-term Croatian intentions. Only the most sharp-eyed would notice that they had entered another country when crossing the border between Croatia and the Croatiancontrolled areas of Bosnia. What they see is the same

community - and this is feasible - the country's politicians will have no choice but to pursue painful compromises aimed at moving towards the goals of Dayton. The international community must be ready to help in several areas, but the overall responsibility for the pace of development must rest with

the national leaderships. Bosnia is only one part of the wider instability and insecurity of south eastern Europe. The situation in Albania has once more highlighted the challenges we

will face in years to come. The need to forge a strategy for stability and integration in the area as a whole should be clear to everyone. Here rests the ultimate test for the EUs common foreign and security policy, not to mention the new trans-Atlantic relationship and the evolving partnership with

The author is the international community's high rep-resentative in Bosnia-Hercegovina, overseeing the civilian aspects of the Dayton



### **SPOT THE REFUGEE**

There he is. Fourth row, second from the left. The one with the moustache.

Obvious really. Maybe not. The unsavoury looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left, You see, refugees are just like you

and me. Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever bave unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.



United Nations High Cour

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary

contributions. Currently it is responsible for more than 19 million refugees around the world. **UNHCR Public Information** P.O. Box 2500 1211 Geneva 2, Switzerland

Better prospect: life is slowly improving in Sarajevo

### FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday April 11 1997

### Making sure with Shell

What should a company do strategy. It has tightened its when faced with pressure from internal controls, and mada a vocal minority of shareholders more information available. over its approach to politics or

Royal Dutch/Shell has become the latest and most prominent group to suffer this problem, thanks to its mishandling of controversies concerning the Nigeria. At its annual meeting from dissident shareholders criticising its human rights and environmental policies and demanding it tighten procedures to ensure it fulfils its promises on corporate responsi-

Is Shell right to reject the motion? On the face of things, it might be real enough nonethehas a case. Though long in the less. Group reporting procepolitical frontline thanks to its dures still allow significant leeglobal activities, and though sometimes rightly criticised for corporate secrecy, it has generally occupied elevated moral ground by international standards. Moreover, since floundering two years ago over Brent Spar and Nigeria, it has improved its approach to social and environmental issues.

It has broadened its "statement of general business princi- procedures on the environment ples" to encompass support for are not as open as those of, say, human rights - "in line with British Petroleum, and in that the legitimate role of business" - and for sustainable development. It has consulted widely always better for companies facwith non-governmental organisations and vowed to take their to outflank it than to appear

The question is whether that will prove enough. The dissidents want Shell to go further, by establishing an "independent external review and audit procedure for auch policies". Shell says it is satisfied with its inter-Brent Spar oil platform and its nal procedures, and that exter-activities in undemocratic nal audit is "only one of the tools" available to help managnext month, it faces a resolution ers monitor implementation. Moreover, if shareholders feel differently in sufficient number, they can throw out the board.

Up to a point. Shareholder concern over corporate responsibility issues may not be sufficient to warrant the nuclear weapon of sacking directors, but way to powerful country tural flaws that led to the problems in Nigeria's Ogoniland. Given that fact, western critics will continua to complain of insufficient transparency.

Shell may feel aggrieved that it has become the latest target for publicity-seeking corporate governance consultants. But its sense it still has a genuine public relations problem. It is ing criticism of this kind to try

### Pensions debate

Pensions are one of the few them. A cash-strapped governareas where there are real dif- ment might renege and tax penferences between the policy sions anyway. ideas of the two main parties in the British election. Tha Tories offer more privatisation: Labour would maintain the basic and earnings-related pensions, while offering a new "stakeholder" pension to substitute for Serps.

This would be like a personal pension, but with a New By 2030, the basic pension will Labour, communitarian gloss: it be worth just 7 per cent of averwould be run jointly by employees, employers and the finance industry. However, employers do not seem to think much of the idea. According to consultants Alexander Clay, 80 per cent of companies with pension plans would not join industrywide stakeholder schemes because of lack of control and

the involvement of unions. The Tories would abolish Serps and phase out the basic pension in favour of compulsory personal pensions for younger workers. But this approach is supported by only 14 per cent of companiea with pensions

The pensions industry has also criticised the Conservatives' idea of financing the scheme by switching tax relief from contributions to pensions in payment. But it would be difficult to tax employer contributions in salary-related schemes without damaging employees' incentive to join schemes or ansure that the rest save employers' incentive to offer

The Tory plan to cut state pensions is unnecessary: contri-bution rates are projected to fall over the next 50 years, despite a 50 per cent increase in the number of pensioners. But they are affordable only because they are inadequate.

By 2030, the basic pension will age earnings. Mandatory second-tier pensions - Serps and private plans - will probably provide the same again or more But if people do not make additional provision, they will be

Furthermore, while most people have personal or company pensions, a significant minority misses out because of time spent not working or on low earnings. Average pensioner incomes have risen 51 per cent since 1979, slightly fas ter than workers'. But the income of the poorest 20 per cent is only 24 per cent higher than it was in 1979. This aged "underclass" will lag further

behind on current policies. The most sensible approach would be, first, increasing income support ahead of inflation, so that poorer pensioner could share in rising living stan dards and, second, greater man datory pension coverage to

left short in retirement.

#### **COMMENT & ANALYSIS**

The FT Interview • Bill Gates

# Guardian of the gateway

Louise Kehoe meets the co-founder and chairman of Microsoft as he promotes the vision of a PC in every living room

cisco. About 10,000 personal computer engineers and software writers are gathered to hear the man whose vision of a "computer on every desk and in every home" has created a \$180bn industry.

Ear-splitting music accompanies a flashing montage of milestones in the history of the personal computer. This is nostalgia, computer industry style.

Enter Bill Gates, Microsoft chairman and co-founder - and one of the the richest people on earth. With his hair slightly tousled and clad in a red conference T-shirt, be fits right in with this crowd of fashion-unconscious

"The entire world is going digital," he says. Digital television will help to put PCs at the heart of home entertainment systems. Home use of PCs will "skyrocket" as they are increasingly linked to the global Internet. The audience enthusiasm is palpable, but Gates is not just playing to the crowd. His vision of ubiquitous home computing, which encompasses a range of "information appliances" as well as general-purpose personal computers, is near to becoming reality.

As the next speaker takes the stage, Gates retires to a side room to begin the interview. He talks about the convergence of computing, entertainment and communications. "The PC is going to be at tha centre of home entertainment systems," he says. Electronic mail will be commonplace, "not just in the business world but as part of other daily

This is no rehash of the grandiose notions of a trillion-dollar industry and futuristic computer applications in vogue a few years ago. Gates is talking about the here and now; business deals that are unfolding, buttles over technical standards, and the nuts and boits of extending the reach of PC technology.

Last weekand Microsoft announced the \$425m purchase of WebTV, a Silicon Valley start-up company that has developed technology enabling users to ances - smart televisions, tele- they would link low-cost termi-\$1,000 and \$2,000 for a standard home computer. Users can send and receive e-mail and surf the World Wida Web, where multimedia information is published on the Internet.

Web'IV cannot, however, run PC software. Unlike any other product that Microsoft sells, it is not compatible with Windows, the Microsoft PC software. Explaining this dichotomy, Gates is unusually pragmatic. "Tha more powerful device is the PC. and the PC is going to coma down in prica and go up in power. But it is not going to be as inexpensive as a subset [special purpose] device can be.

WahTV has built a product that you just plug in and go out on the internet. They have done an excellent job. You don't get a lot of things that the PC brings. but, if you just want to get on the Web, it comes through in a very

So-called information appli-



access the Internet through their phones and hand-held devices - nais to powerful central comput- challenge facing Microsoft and living room TV sets. WebTV "set-top box" adapters sell for about is expounded in *The Road Ahead*, isn't that wi \$350, compared with between his best-seller published last and isn't the WebTV device just a year. According to his view, network computer (NC)? "That these devices will share software standards.

Windows fold next year, when a model that runs a version of Microsoft Windows will be launched. Still, WebTV is a "less capable" alternative to the home PC, he says.

Some see Microsoft'a purchase of Web'TV as an admission that PCs are too expensive and too complicated to become true massmarket consumer products. But Gates is having none of it. He rejects any suggestion that Microsoft has adopted the network computer approach touted by his arch-rivals, Larry Ellison, chairman and chief executive of Oracle, and Scott McNealy of Sun

This camp maintains that it makes no sense to duplicate expensive computer power and data storage on every desktop and in every living room. Instead,

Isn't that what WehTV does just shows how silly the term 'NC' is," Gates fires back. Many WebTV will be drawn into the products could be called NCs, he says, recalling the Tandy Model 100 - a precursor to the modern laptop computer - in the 1980s. "That was tha last computer I wrote the software for. It turns out to be a network computer. So I must be the most closet, freaky NC lover that ever existed.

"The only thing one can say for sure about the NC is that it stands for 'not compatible' (with the PCL" The network computer idea "is very much an inside industry thing," he says, implying that it is driven more by corporate and personal rivalries than by customer needs.

Intensaly competitive, Gates cannot let the topic go. "They say the PC is a bad Idea. It is evil," he says. Network computers' supporters threaten to take away the freedom and flexibility that PCs have given to individuals

This battle aside, the biggest

of the world - that already have PCs. As sales to first-time PC buyers slow, many analysis have questioned whether the home PC market is reaching saturation. Gates is dismissive. "You really have to [lack faith] in interactivity to think intelligent devices will not become pervasive in business, education and homes over the next decade."

Now we get a taste of Gates's infamous sarcasm, as he seethes at the suggestion that the PC market may have run out of steam. "Write that story," be challenges. "Keep that story for next year and run it again. Every year wa see the same stories about the decline of the PC."

Gates is convinced that the PC will soon take its place in the living room as part of an alldigital home entertainment sysiem. He acknowledges, bowever, that the PC must become easier to use if it is to be as common in Ahead.

think people are going to be pretty stunned. They saw how quickly we adapted the PC to Internet standards. The next target is simplicity."

Microsoft has demonstrated its rapid reaction times. Within days of a decision by the Federal Communications Commission to allo-cate digital television channels to US broadcasters earlier this month, the company jumped on the opportunity. Gates is already demonstrating the ability of the PC to enhance digital TV signals with interactive features. He bas campaigned for the adoption of PC-friendly digital TV video display standards - which have been opposed by TV manufacturity to display digital TV will be a standard feature of PCs built

he PC will "bootstrap" digital TV, Gates says, suggesting that the success of broadcast digital TV will depend on his industry. There will be tens of millions of PCs capable of receiving digital TV signals in use by the time US broadcasters begin transmissions next year, he says, Consumers will choose these PCs over "very, very expensive" digital TVs. "We see the migration to digital TV as a big

new opportunity for the PC." This is not the first time Microsoft has tried to enter the living room. Three years ago the company invested heavily in the development of interactive TV, only to see its efforts fail. "Patience is a key element of suc-

cess," Gates says with a smile, It is a philosophy that has served him well in several aspects of Microsoft's business. Windows, now the most widely used PC operating system, went through several iterations before becoming a commercial success, Similarly, Gates doggedly sup-ported the CD-Rom for the best part of a decade before it caught

on.
"Wa have been working on interactive TV for a long, long to the problem." time," says Gates. The problem has been the technology is too the rest of the PC industry is to expensive, but he is optimistic expand its market beyond the approximately 40 per cent of US chips, which double in power households - less in other parts every couple of years, will overcome this problem. "It is still going to take a while before we have interactive digital TV."

In the meantime, bringing the Internet into the home is Microsoft's primary focus. For all of the hyperbole surrounding the Internet, most PCs are not yet linked to the global network. "There is still a lot of work to be done to get the world to see the Internet as something that everyhody has to have."

Gates will not shirk this task. or indeed any other that may further Microsoft's prospects. After the interview, he is rushing to squeeze in a visit to WebTV's Silicon Valley headquarters before jetting to Houston, Texas, for dinner with Andy Grove. Intel chief executive. After that, be is giving another big speech before an audience of 6,000 computer dealers at Compaq Computer. For Gates, it is all part of the Road

### Role for EBRD

The European Bank for from Poland to the Pacific One Reconstruction and Development was controversial from the very beginning. Under its current president, Jacques de Larosière, however, it has proved its worth. It has a big task ahead of it, though not one that should last forever.

The idea behind the creation

of the bank six years ago was that transforming centrally planned economies was an unprecedented task which required help from a specialised institution. Opponents argued that it would merely be another self-serving bureaucracy - a view that the profligate style of Mr Jacques Attali, the first president, appeared to confirm. Under the leadership of Mr de Larosière and the first vice president, Mr Ron Freeman, however, the critics have been con-

By epplying sound banking principles, the EBRD has helped promote honest business and transparent deals in a region where the rule of law is weak and where privatisation on an unprecedented scale has inevitably been eccompanied by corruption. It has kept to its brief of not competing with the private sector, but has co-operated on projects that the private sector has been unable, or unwill-

ing, to undertake on its own. The bank has become the largest single investor and investors seems likely to ha lender to the private sector, needed much longer.

of the hest indicators of its effectiveness is its growing ability to generate co-financing. Last year the EBRD mobilised Ecus:8bn from third parties in addition to the Ecu2.2bn from its own resources.

At last year's annual general meeting in the Bulgarian capi tal, Sofia, shareholder govern ments agreed to doubla the bank's capital to Ecu20hn. They also approved a forward-looking "graduation policy". This committed the bank to tackling innovative projects that open the way for future private involvement. This year's annual meeting,

which starts in London tomorrow, finds the institution profitable, respectabla - and in search of a new vice-president and perhaps a new president. But the path they will have to follow has been well laid out by the present incumbents.

The bank's job is to apply sound banking principles, while opening new opportunities for domestic and foreign privata capital. In more advanced central European countries, this process is already wall advanced. They should be able to stand on their own by the first decada of the new century Elsewhere, however, the bank's growing expertise and ability to provida comfort to onteida

### OBSERVER

#### Ahead in the clouds

If they a ment add it possible letters Kata from American Arines to be its new title? executive—and trought in a couple of horshops from by the Arways—Swissan has been told that there are too many. told that there are too many foreigness in his encentive cherrit. According to the company's bye lively two thirds of its board should be figure should be figure should be to difficult. It can always add a few more Swiss; with high-fabrium titles to the management team. But the airline could have avoided the problem in the first place if only had swallowed its pride and brought in the one man in the organisation who really knows how to run an airline - Moritz Suter, 54, who runs Oros Swisskir's majority-owned

regional carrier.
Suster's problem is that he doesn't quite fit the Swissair mould. The veteran Swissall pilot, who see up his own airline in his spare time, yesterday turned up at his annual results press conference dressed as a cowloy. He inked that he needed to carry a gun to get more respect in the boardroum of

coping with diving prices and chimbing costs. One reason is that Suter's pilots get paid far less than the typical Swissalr fiyer — though a generous

Crossair's troops motivated. Swissafr could have done worse than hand over the controls to the entripreneurial high-flyer.

#### Nabbed

The annual convention of France's association of police unions thried into a sour affair vesterday with the news that the **EASP** has decided to file for

After living through the reign of seven secretary-generals in as many years, the organisation has run up debts of FFr25m; it has also been accused of lacking any decent accounting systems and faces a judicial inquiry relating to allegations of theft and fraud. What's that old saying about cobblers' children?

#### Handy Andy

■ Intel chief executive Andy Grove cashed to stock options worth \$94.6m last year, on top of his salary and bonus of \$3.25m. But you won't bear many shareholders complaining about Sair Group, Swissaw's parent this "fat cat". Indeed, some Crossair has been much more might say that 80-year-old Grove successful than Swissair in who has been with the

microchip company since it was founded in the late 1960s - is undergaid. After all, he was the driving force behind last year's 200 per cent increase in Intel's market value. Besides, not all of Grove's

profits went into his back pocket; the man who's been described as "the Bill Gates of hardware" and (by Fortune magazine) as "the best manager in the world sold 440,000 shares to pay taxes on his gain and donated 220,000 to a non-profit organisation he's created, adding 80,000 to his own portfolio, Must take a top-notch PC to keep track of all those noughts.

#### Design for living Willy Johnson is one of those British inventors who has made millions for manufacturers in the United States and Japan but

who's largely been ignored in his

own country.
Now, at 57, he hopes the doctorate of design being bestowed upon him today by Southampton University will help raise the profile of Britain's dwindling band of independent innovators. Johnson turned himself into a millionaire when he sold his Microsharp business to Nashua in the US and now perches in a cliff-top home in the Channel Islands

With more than 200 patents registered in his name, Johnson

first made his mark with "Micropacer", an electronic pedometer fitted into training shoes and adopted by Adidas in 1984 for tha Los Angeles

Olympics.
With the belp of the Southampton campus, he's got 11 new projects under way and is mulling whether to bring outside investors into Durand his invention workshop. Sounds like another promising idea.

#### Dead meat

With stealth technology, Star Wars looks and 21st-century electronics, the new US F-22 fighter is a very sexy aircraft indeed. And so it should be for \$750n, which is what the US air force is going to pay for 400 or so of the fearsome fighters over the next 20 years. The cost is concerning some on Capitol Hill. since the jet was originally designed to meet a theoretical threat from a Soviet Union which no longer exists.

Curious, then, that air force generals have named the new fighter not after a bird of prey the Eagle and the Fighting Falcon are already in service but after a dinosaur. The Raptor as every moviegoer knows, is the stealthy but very much extinct beastie from Jurussic Park. Not the best image to place before the Congress in an era of budget

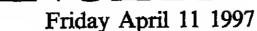
### Ginancial Jimes

#### 50 years ago Nickel Rupee For India

India gave up the minting of the rupee in silver yesterday, when the Central Legislative Assembly passed a Bill brought forward by the Finance Minister for the rupee to be minted in nickel. There was strong opposition to the proposal, and only the demand by the Government whips secured assent to what is described as a "highly unpopular change." The return of 226,000,000 ounces of silver, borrowed from the United States during the war is the most important practical consideration prompting the Bill amending the Indian Coinage Act. Mr. Truman's Warning President Truman stated

yesterday that the possibility of amending war-time legislation which obliges the Government to prevent prices of foodstuffs and farm commodities from falling below a minimum was under consideration, and warned that, unless prices in general came down, wage increases would be justified. He was in favour of reductions in the prices of foodstuffs as well as the prices of manufactured articles, but acknowledged as correct that the U.S. Government was planning to enend \$160 millions to keep up tha prices of foodstuffs and farm

16



# Dutch to lead EU's Mideast peace effort

Israeli security finds West Bank Hamas cell

By Gordon Cramb in The Hague and Judy Dempsey in Jerusalem

Mr Hans van Mierlo, the Dutch foreign minister, will today meet Mr Yassir Arafat, the Palestinian leader, as part of a European Union effort to help put the Middle East peace process back on course.

The mission was announced yesterday by Mr Wim Kok, the Dutch prime minister, after a meeting in The Hague with Mr Benjamin Netanyahu, his Israeli counterpart.

The Netherlands, which holds the EU's rotating presidency, was "concerned at the lack of progress and the risk being run of a spiral of violence", Mr Kok said. The talks with Mr Arafat would "explore the possibilities for further initiatives".

Earliar in the day, Israeli security services said they had uncovered a Hamas cell in a West Bank area still under Israeli control. The also found the body of Mr Sharon Edri, an

**Rubin shows** 

concern at

dollar's rise

against yen

Israeli soldier who had been missing since September and who had apparently been killed by Hamas.

The cell was discovered in the village of Surif after Palestinian forces had arrested several members of Hamas, the Islamic militant group.

Hamas claimed responsibility for last month's suicide bomb attack on a Tel Aviv café which killed three people and was responsible for the wave of bomb attacks on Israeli civilian targets early last year. Israeli forces swept down on tha village, dataining 25 people, according to Palestin-

Mr Yitzhak Mordechai, the Israeli defence minister, said last night there had been some co-operation between Israeli and Palestinian forces in uncovering the terrorist cell, indicating for the first time that security contacts between both sides have not been com-

The operation points to efforts by the Palestinian

Authority to crack down or Hamas, even though some activities and cells are organ ised outside areas under the authority's control. "It shows that both sides need each other to crack down on terror-

ism," a diplomat said. However, Palestinians yes terday insisted they would not return to the negotiating table until Mr Netanyahn halted construction of a Jewish settlement at Har Homa in East Jerusalem and stopped the confiscation of Palestinian

Mr Saeb Erekat, the Palestinian chief negotiator was due last night to raise these issues with Mr Bill Clinton, the US president, in

Mr Netanyahu again insisted yesterday that Israel had the right to build at Har Homa. He said it fell within the scope of the Oslo peace accords, adding that the current "unstable situation can be made explosive unless violence and terror are brought under control".

# **India's coalition** dares Congress on

Continued from Page 1

senior currency economist at UBS in London, said: "It seems that the Japanese are aggressive on weakening the dollar and the US is equivo-

Traders noted the treasury had signalled that the US was willing to maintain pressure on Japan to reduce its current account surplus by stimulating domestic demand

Mr Rnbin's statement last week that Japan needs to accomplish strong domestic demand-led growth and avoid a algnificant increase in its external surplus. The challenge for Japan is how to

achieve these objectives." Japan has been concerned for some time that the strong dollar's effect on the trade balance between the two countries – a sharp increase in the Japan's surplus - might intensify trade frictions between

Earlier, Mr Hirosbi Mitsuzuka, Japan's finance minister, indicated that Japan not only opposed the yen'a long allde but was prepared to intervene in the market to

He said that the yen's fall had been excessive and that Japan would deal "decisively" with any such excessive confidence vote

By Mark Nicholson in New Delhi

India's United Front government was last night threatening fresh elections by daring the Congress party to side with its political enemy, the Hindu revivalist Bharattya Janata party, in a confidence vote today.

The uncompromising stance - following the failure of talks yesterday to resolve differences - seemed designed to try added: "I would note that the to force Congress into a prime minister of Japan stated | change of heart before today's

Recent by-elections and opinion polls suggest fresh elections would inflict further losses on Congress and deliver victory to the BJP.

The UF, a combination of 13 regional, leftist and ex-Congress splinter parties, coalesced after last May's inconclusive elections, using Congress support in parliament to keep the BJP, the biggest party, from power.

Informal talks between Congress and the UF looked certain to continue deep into the night, though neither side had given ground during the day. Congress continued to insist

agreement was possible only after the removal of Mr H.D. Deve Gowda as prime minister. The UF said this was

"The United Front steering committee has decided to place

FT WEATHER GUIDE

in parliament our position and defend it," said Mr Harkishan Singh Surject, secretary general of the Communist Party (Marxist), a UF committee member, "We are ready to face the consequences and there is no question of a change of

Mr V Gadgil, Congress spokesman, said talks could continue if the UF changed its leader. "If by tomorrow morning the matter is not resolved we will vote against the government.

Barring a pre-dawn deal, arliament will reconvene this morning to debate the confidence motion later tonight. The BJP, though it has been non-committal about its intentions, is expected to vota against the government, which commands only 176 seats in

the 543-seat house. A UF defeat is expected to lead to fresh elections, though Mr Sitaram Kesri, the Congress leader whose challenge to the UF precipitated the current crisis, has held out the hope of being invited by the president to try to form a new

administration. However, this ambition rested on Congress forcing a split in the UF coalition and drawing over many of its components. But the UF, a disparate and fractious coalition, has surprised Congress and analysts by its unity in the face of the Congress assault.

### Yeltsin launches battle against corruption

By Chrystia Freeland in Moscow

Mr Boris Yeltsin, the Russian president, yesterday declared war on government corruption with a series of measures aimed at cutting out opportunities for taking bribes.

Speaking in his weekly radio address, Mr Yeltsin vowed: "I will carry this difficult struggle to the end. It will become cary to steal and take bribes." Mr Yeltsin said that from May 1 all government procure ment would be conducted through an open tender process. Opaque systems for ordering goods and services have been one of the biggest sources of corruption and have

sian state of sparse funds. As an opinion poll this week confirmed, more than half of Russian voters see corruption as the country's most pressing problem. To bolster his promise, Mr Yeltsin also said he would soon require income declarations from government officials and their families.

sapped the impoverished Rus-

The demand follows a scandal surrounding the alleged personal fortune of Mr Victor Chernomyrdin, the Russian prime minister. The premier, who has close links with Gazprom, Russia's natural gas monopoly, was accused of amassing more than \$5bn. He denied the claim, saying his only source of income was a

\$700 monthly salary. The reformist team Mr Yeltsin brought into the cabinet last month lends further credibility to his anti-corruption campaign. The president's first lieutenant in the clean-up effort is Mr Boris Nemtsov. first deputy prime minister and the former governor of Nizhny Novgorod

The first target of the cam paign is likely to be Unified Energy Systems, the electricity monopoly which Mr Nemtsov warned this week would be subject to an overhaul. Gazprom is also in the government's sights.

Mr Alfred Kokh, head of the State Privatisation Committee yesterday warned that the government was considering taking back control of the 35 per cent state stake in Gazprom which it had entrusted to the

company's management.

Mr Kokh's threat, which would seriously limit the power of Gazprom'a executives, was the government's robust answer to an allegation made yesterday by Mr Rem Viakherev, the Gazprom chairman. Mr Viakherev said efforts to break up Gazprom were part of a conspiracy led by US oil and gas majors.

Mr Kokh denounced thet claim as "nonsense" and critic ised Gazprom's investment

### THE LEX COLUMN Trusting Japan

As the first instance of a cross-shareholding between a foreign bank and n Japanese one, the tie-up between Bankers Trust and Nippon Credit Bank is worthy of note. But the idea - much-beloved by Ministry of Finance officials that the gaijin will now come riding to the rescue of the country's alling

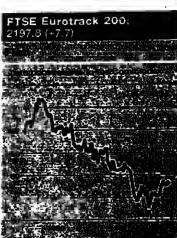
banks seems far-fetched. For Bankers Trust, which is hav-ing a busy week following Monday'a \$1.6hm acquisition of Alex. Brown, this is a straightforward business deal Deeply-troubled NCB has been ordered by the government to shrink its balance sheet and sell its overseas assets. The only practical way to do that is through securitisation, something Japanese banks know little about. Bankers Trust should therefore be able to earn some fat advisory fees and may even crack open the Japanese market, where securitisation is still largely illegal. By comparison, the symbolic (for which, read tiny) equity stakes the two banks are planning to take in each other are inconsequential. They certainly do

not presage a full merger.
For NCB shareholders this is nevertheless good news. Coming after last week's rescue package, this deal secures the bank's future. But Japan's other banks should be furious: they are being strong-armed into subscribing to a Y291bn (\$2.3bn) capital increase to shore up NCB, only to see a foreign rival creaming off the profits. Worse, NCB's survival, even in shrunken form, helps perpetuate the sector's chronic overcapacity.

Fiat

The so-called clean hands investigations have finally fingered the top brass of Italy's biggest private industrial group, Fiat. And while the 18-month suspended sentence for Mr Cesare Romiti, its chairman, will have no immediate impact on Fiat - he retires in June 1998 and his appeal may not be completed before then - it could significantly influence management succession.

The pressure for change is intensifying rapidly. Fiat is a family fiefdom that needs to become a focused and genuinely international car business. The car operations have undergone an astonishing turnaround but the group remains inward-looking, hierarchical and



Italy's incentive schemes for car sales are merely postponing the day of reckoning. But Fiat's poor share price performance through the 1990s suggests little hope that this management will deliver.

The obvious replacement for Mr Romiti would be Mr Paulo Fresco, vice chairman and international deal-maker at General Electric. He is already on the Fiat board, but has the advantage of being an outsider, untainted by problems in Italy's corporate past. But until Fiat's controlling shareholders, the Agnelli family and Mediobanca, recognise the need for change, no chairman will have a free rein to deliver shareholder value.

UK savings.

To help defuse Britain's demographic timebomb, is more compulsory saving needed? Perhaps it should be no surprise that a new survey suggests big businesses mostly think so. After all, these companies run pension schemes already. So they probably believe a new compulsory savings regime would have little effect, leaving their smaller competitors to bear the brunt in higher costs. But this would not be the whole

story. For one thing, compulsion could well require higher pension contributions from even the biggest businesses; in Australia, employers will have to contribute 9 per cent of Moreover, if people were compelled to save, why bother keeping the overloaded with non-core busi- current banoply of pension tax sures wi pesses. Given the overcapacity in incentives? A strengthened stick can never get too wide. the European motor industry, it could well be an opportunity to needs to be particularly nimble. shrink the carrot, driving up

That said, the pension under provision problem cannot be swept under the carpet. And on that particular front, the Conservatives recent radical proposals will do little to help. They would usefully relieve the fiscal strain of state pension provision. But the state pension's value, as a proportion of earnings, is still set to shrink horri-bly. As it does, the voices arguing for more compulsory saving are bound to swell. Politicisms, of course, will never have much to gain from grasping such a long-term nettle. Yet who knows As the Conservatives have recently shown, long-term thinking on pen sions is not altogether dead.

Investment trusts

The investment trust industry is enjoying narrower discounts to net asset value, but this is no excuse for complacency. Discounts have fallen from over 30 per cent in the early 1980s to 10 per cent how - but UK-listed investment trusts still trade at £4hn less than their asset value. In part, this reflects ongoing little confidence in manage ability to invest wisely.

The problem is that many core institutional investors have less need for investment trusts - insur ance companies and banks now have greater investment expertise around the globe. Moreover, compe tition will intensify with the expec ted launch of the open ended invest

ment company.

The industry has at least sprided itself up. Boards have more non-ex-ecutive directors and fund manage ers' contracts with a fund are wad ually shortening. But investors should insist on a maximum contract life of two years, and a mini mum number of strictly indepen dent directors. Fund managers should also issue funds with much shorter lives, if a fund perform well, shareholders will extend its life - a powerful incentive for the manager. Finally, managers should become more responsive to discounts, looking at ways to buy back shares. Of course, when discounts have narrowed in the past, the maremployees' earnings by 2002, more ket has been flooded with new than many UK companies put in. funds. But if investors take a tougher stance, the flood will be limited. And self-correcting mea-

KEY OPPO

MARIO WARE AND



Flight control actuators supplied by Dowty enable Bell Boeing's V-22 Osprey tiltrotor to take-off like a helicopter, fly at nutbo speed, then settle safely onto its Messier-Dowty landing gear. Success with the US Marine Corps has encouraged Bell Boeing to announce a smaller civil version, the BB609.

In contracts worth \$100 million each on projected aircraft sales, Dowty will supply the flight actuator system and Messier-Dowty. TI Group's joint venture with Snecma, the integrated landing gear system. Capable of carrying nine passengers 750 miles at around 300 mph, the BB609 has a brilliant commercial future - and Dowty will filt things in its favour.

Dowty is one of TI Group's three specialised engineering businesses, the others being Burndy and John Crane. Each one is a technological and market leader in its field. Together, their specialist skills enable Ti Group to get the critical answers right for its customers. Worldwide.



act the Department of Public Affairs, TI Group plc, Lambourn Court, Abingdon, Oxon OK14 1UH, England

#### **Europe today**

The Benelux and Germany will be unsettled as a cold front moves rapidly across the area. During the afternoon the front will stretch from northern France towards the Baltics, where rain and sleet is expected.

Northern France will be cloudy with a little rain. The north-west will have some sun, and sun will prevai in the south. Most of the Iberian peninsula will

be sunny, but a shower or two may occur over the southern coast. The northern Alps will be cloudy with rain or showers, and the southern Alps will be partly cloudy and dry. italy will have ample sun.

Five-day forecast

Eastern Europe will continue unsettled, while conditions over western Europe will gradually improve as high pressure over Ireland expands towards France. The eastern Mediterranean will become changeable as



Cardiff Caseblan Chicago Cologne Dakar Dallas Delhi Dubal Dublin Dubrovnili

Majorea Malta Mancheste Manilea Medico Ci Miami Miscow Montreal Moscow Munich Najorea Nepiee Nassau New York Nice Nicesia Osio Paris Perth

Rangoon Rayligarlin Rio Rome S. Freco Secul Singapon Stockhoti Streebou Sydney Tangler Tangler Toronto Venna Warsaw Washingt Wallington Wilmipeg sun 19 fair 17 fair 12 fair 34 sun 19 shower 25 fair 26 rain 7 fair 26 sun 17 fair 25 sun 13 sun 13 fair 11 fair 11

sun 37
rain 9
cloudy 26
sun 19
cloudy 15
thund 32
rain 4
duzzi 13
shower 20
fair 17
fair 18

Lufthansa

Richard Donkin meets executive searchers with good contacts in ethnic communities

But this ability to spread the net across both jobhunting and companyfocused individuals is part of the attraction of beadhunting. It is designed to seek out the best candidates Calum Forrest, carry out minority candidates. The cent of its managers are whether they are cootemplating a move or not.

Joh advertisements attract at finding the best candidate only those who are tempted to apply They cannot find the individual who, for whatever reason, is happy to stay put or who may undervalue his or ber particular talents.

seam of talent. There is potential in headhunting, therefore, to prothe best person for the job mote the careers of people who, because of their particrace," she says. One of their finds was Angela Sarkis, chief executive of the ular perspective, may not position themselves well for career enhancement

Ethnic micorities for Anglican charity which supexample, have many people ports inner-city projects. with executive skills who too rarely get the opportunity to be difficult for hig headhunt-show what they can do. be difficult for hig headhunt-ing firms, argues Edwards. Juliana Edwards, one of the because few black and Asian few black search executives people have been able to in the UK, is trying to develop careers in executive address this problem in a search. Headhunting among London Docklands-based ethnic minorities in the US search firm called Headfirst, however, has been estab-

An edge in the headhunting race

Struggles, the headhunters.

among ethnic communities

"Our philosophy is to find

Church Urban Fund, the

ing firms, argues Edwards,

which she set up seven years lished to such an exteot that workforce is from ethnic professioo should be well will help to drive improve- words in an industry which have specific departments She and her co-director devoted to finding ethnic UK workforce. About 3.5 per general searches which, they multicultural make-up of US from ethoic micorities, stress, are aimed principally society has encouraged the mainly recruited in-house, development of diversity in for the job. They argue, howbusiness to reflect that in ever, that good contacts the community.

enable them to tap into a beginning to enter UK per-shadowing and job "tasting" rich and often undervalued sonnel departments. Judith in which someone can try Evans. vice-president for out a job for a day or two. equal opportunities at the regardless of their gender or personnel policy at J. Sainsmany organisations would like to recruit more ethnic minority people into senior Finding such people can positions and have had difficulty finding people, so an opportunity to search among dates than they might nor-

115,000-strong Sainshury their workforces, the search argues that such promises

per cent across the whole using policies which encourage minorities to step into management. These policies Such policies are now include careers guidance, job

The company also recog-Institute of Personnel and nises the value that other Development and director of minorities, such as disabled people, can add to a busihury, the supermarket ness. The store manager at chain, says: "I think that the New Cross branch in south London, for example, bas employed a number of disabled people after discovering that they have proved highly adept at innovating. "Problem solving is a way of a broader range of candi- life for them and their skills hring an extra dimension to mally come across is a good the business," says Evans. As companies wake up to

approach, to recruit the most for temps. talented people from all shades and sections of the community. Perbaps first, bowever, headhunting firms should strive to develop greater diversity within their own organisations.

Money-back move

Tate Appointments, a London agency aupplying temporary and contract staff such as secretaries and clerical assistants, has issoed a money-back guarantee to clients if they are dissatisfied with its temporary employ-

It is one thing selling such promises with Mars bars or Marks and Spencer's pullovers, but should they be applied to people? Julia Robertson, Tate's managing director, says that she would welcome M&S priociples Some 7 per cent of the the need for diversity among applied to Tate staff. She

ago when she left Heidrick & some leading search firms groups, compared with 4.5 placed, hecause of its ments in employment terms has too often been cootenl to

The guarantee, she says, will make it incumbent upon Tate to ensure its temps are well trained and efficient workers. But how can the dissatisfaction with an company ensure that its clients provide useful work and good employment conditions? Temporary office customer says Robertson. workers know only too well Her oew policy, therefore, that their talents can easily is already making a few be under-exploited by managers or in-house professionals who are either too busy or who do not know how to get the best out of their staff. Having just spent a week Robertson has a solution here, too. She is offering to supply line managers whose

ing cultures where we think people will have the opportunity to grow in their job. If we have companies abusing these principles we will sack them as clients."

These seem refreshing

the best use of the staff. "We

have clients with good work-

shed its responsibility for employees within bours of them being handed over.

"Normally ageocies say that, if they are not told of employee within four bours of them starting, they have discharged their duty to the waves.

#### Country life

fishing in the company of Scottish ghillies - the people who have been looking after job is dedicated to making salmon rivers for generations - it was ooticeable how little their jobs had changed over the years. They work long hours for little pay, depending greatly on the generosity of fishing parties for extra income in the form of tips.

Their pay teods to be

experience, ideally in a related field.

hedging methodologies required.

throughout this expanding Group.

*DUALIFICATIONS* 

Thorough understanding of option pricing and trading

Rigorous analytical approach, Ability to communicate orally and verbally at the very highest level.

Credible, independently minded with clear commercial judgement.

Enhance existing methodologies, rechniques and risk culture.

Resible approach and problem solving abilities are essential

Experience in fixed income risk management a plus point.

peeged to agricultural rates. yet their status in the local community is far higher than that of the average farm worker and their river knowledge makes them the masters of their working environment I have seen the most exalted of chief executives reduced to the role of novices when casting for salmon alongside an experienced ghillie.

Nor are these people spared the odd rebuke if they lose a fish. Il is as if the river bas become populated capable hands of countrified Scottish versions of Jeeves. The word ghillie is Caelic for servant. Yet it is difficult, today, to view them as anything other than managers. Many have quite responsible management roles, striving to ensure their parties have a good time and get on with

each other. Robert Greenleaf, the US management writer. described such managers as servant leaders in his 1977 book Servant Leadership, and advocated the adoption of servant-like styles in leadership. But maybe It is time proper value was placed upoo those who have traditionally acted as servants.

London

Ref FS70402

# EMERGING MARKETS SEARCH & SELECTION



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THE COMPANY

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NB Selection - Financial Services

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北京の教養の意思を表現のでは、中国からなるのでは、

- Capital Markets Lawyer As an experience or Polish lawyer with experience in international and/or Polish equity and debt instrument issues with some exposure to ADRS/GDRs rule 144a offerings domestic and/or foreign bond and Europoind esses both as issuers and underwriter counsel. This individual would play a key role in the further development of an existing practice in Waisaw and a lead role in the securities group of the firm in Waisaw evoking with practice group coordinators in London and New York. London and New York
- Tax Lawyer With awide range of experience in all aspects of Corporate taxation, this lodwidual will play a major role in expanding the corporate group.

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- be useful.

   2 sunior Corporate Lawyers Qualified Polish lawyers with generalist expenence in Corporate and
  Commercial law.

THE PEOPLE: All applicants, with the exception of the Capital Markets Lawyer, will be Polish qualified lawyers (with between 1-5 years post qualification experience) and be bilingual in English and Polish. For the Polish marketplace it is vital to have solid commercial acumen and possess the flexibility to adapt to working in an international law firm.



Please forward your full resumé in the strictest confidence, quoting reference no. FT3102 and relevant position to:

Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA.

Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949.

Polish address: ul. Tamka 38, 00-355 Warsaw, Poland.

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The role advise clients on new investment opportunities constantly review and analyse clients' portfolios

- ensure that client requests are complied with represent the bank in a professional and dedicated manner constantly keep abreast of developments on the
- main equity, bond and money markets with emphasis on emerging markets, including those of Latin America
- rules and regulations.
- The person
- at least three years in a similar function
   knowledge of the major stock, bond and money
- · familiarity with emerging markets, with focus on
- · fluency in Portuguese and English; knowledge of
- French and Spanish an advantage strong analytical and very good presentation
- PC literacy, team spirit, dynamism, good personal organisation.

This is a challenging position with good future prospects. Interested candidates should send detailed cv, quoting reference 5193AR, to Ole K Roed, PA Consulting Group, 23 rue Aldringen, L-1118 Luxembourg.

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- Latin America
- at all times be in compliance with regulatory



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· Critical member of a global team accountable for

Corporate Finance expertise across the Company, establishing credible working relationships with business unit leaders and managing the Company's balance sheet and relationships with financial institutions.

Please apply in writing quoting reference 1388 with full career and salary details to: Philip Woodisse Whitehead Selection

11 Hill Street, London WIX 888 Tel: 0171 290 2043

- to be early to mid 30's with international Corporate Finance experience gained at either a major resument bank or within a Corporate Finance division of a large natural resources company.
- Highly skilled in negotiating and structuring major transactions with superb expertise in deal execution. Proven credibility with an ability to access/manage relationships with business leaders, banks and advisors at the highest levels.
- Strong relationship builder with the intellect and pace 10 be effective in a dynamic environment. Keen commercial sense, able to assess 'business risks' and identify opportunities. Familiarity with the natural ndustry is a plus, although ability to operate within a highly entrepreneurial, risk orientated culture outweighs industry-related experience.

Whitehead SELECTION

### Vice President

**Business Development and Marketing Director - Europe** 

The company is a global leader in structured finance, a triple A rated financial guarantee insurance company. We are recognised as an innovator in assetbacked securities and a leading provider of securitization financing solutions to our clients.

The basic function will be to develop business opportunities in Structured Finance, Credit Derivatives, Asset Finance/Leasing, Asset/Liability Management, Credit Enhancement and other Corporate Finance/Capital Market disciplines.

- The principal activities are to:
- Develop broad and specific relationships within the financial community including European insurance companies, investment banks and commercial banks.
- Direct marketing of our Firms' services relating to Asset/Liability and Regulatory Capital management.
- Develop Principal Finance opportunities for Portfolio Acquisitions

Background and Qualifications:

- Advanced business degree preferred. · Solid Corporate Finance skills, including
- marketing and business development. Heavy Transaction experience with Commercial Banks and Insurance Companies including the nurturing of contacts and influential ties.
- Credit background a positive. Could have background in Commercial Banking. Investment Banking, Rating Agency, Insurance, Accountancy, Consulting or Financial Advisory.

 7-10 years in Corporate Finance, Aged 40 - 45 Please send full CV to James F Herbert, Executive Search and Selection Box A5395, Financial Times, One Southwark Bridge, London SE1 9HL

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**Excellent Package** 

London

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The Group has seen exponential growth since its

professional to co-ordinate the corporate finance

function. Based in London and reporting to the

to list the mining companies and then to identify

and originate acquisitions in this sector. This will

The individual appointed is likely to be a Vice

require extensive international travel.

President/Assistant Director from an

or niche corporate finance house and

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Managing Director the initial business focus will be

inception in 1974 and now seeks to recruit a

Opportunity for a dynamic individual to join this experienced innovative team encompassing all aspects of property finance.

- Part of one of the UK's largest Chartered Surveyors, with a highly successful multidisciplinary practice.
- Provides specialist advice to corporate and private clients in
- Small professional team with ambitious plans for growth and

#### THE POSITION

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Please send full cv, stating salary, ref FS70403, to NBS, 10 Arthur Screet, London ECAR 9AY Fax 0171 623 1525 Tel 0171 623 1526

Develop business with property companies, corporates, private individuals and banks.

#### QUALIFICATIONS

- Experience of property finance essential and preferably structured finance or wenture capital, ideally gained in an investment or Merchant Bank.
- Graduate calibre with strong PC skills and extensive modelfing experience essenti
- Highly motivated flexible self-starter, with strong communication skills. Able to develop relationships within the group and with clients at all levels.

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NB Selection - Financial Services

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### Multinational Conglomerate Corporate Finance

**Mining Sector** 

£ Excellent

must be able to demonstrate the following

- attributes: \* Extensive knowledge of listing comp preferably within the mining sector.
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- debt/equity Corporate Finance. Excellent relationship building and business
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This is a superb opportunity for a high calibre, motivated and successful individual to join an expanding international organisation and share in

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Michael Page City

### **FLEMINGS**

### Corporate Finance Manager - Mining

Flemings is a leading international investment bank, rapidly expanding in global markets. It provides a full range of advisory services in capital markets and mergers and acquisitions. The company also enjoys an enviable reputation as one of the foremost Emerging Markets groups. Within investment banking there is a specialist mining group with operations in the United States. Australia, South Africa and Latin America. Its joint ventures (Ord Minnett, Fleming Martin and Fleming Latin Pacific) have resulted in the team being at the leading edge of the mining industry.

Due to expansion within this team, there is a requirement to add an experienced professional. Based in London, the role would be to originate new business, analyse transactions, assist in the execution of transactions and act as the

key liaison person for the overseas offices. The ideal candidate will have at least three years experience within a mining team in investment banking (in corporate finance or securities

research), or will have worked within a mining company.

In addition to sound commercial judgement, interpersonal skills and technical expertise, the candidate must also be able to demonstrate:

- Excellent financial skills.
- In-depth understanding of the mining industry.
- · Strong academic background, preferably with a good degree or similar professional qualification.

This is an excellent opportunity for career advancement within an expanding team and the possibility of a future international posting.

Interested candidates should contact Ian L. Tucker on 0171 491 4650 or write to him, enclosing a full curriculum vitae at, SCI International Group Limited, 21 Arlington Street, London International Recruitment Consultants London · New York · Moscow SW1A 1RN. Fax number: 0171 491 4630.

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If you are now looking for a more responsible position with the opportunity to make a real impact, please write to us with your CV and a covering letter explaining how you meet our requirements and how this position will meet your career ambitions, to: Lorna Byers, Personnel Department, Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB by 23 April 1997.



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The role is to take charge of all administrative functions and to coordinate accounting and management information provided by a variety of external

- Reporting directly to the investment manager the responsibilities will include: company secretarial duties
- investment accounting

- cash management maintenance of compliance procedures
- e general administration

The ideal candidate will be a computer literate qualified accountant or company secretary with experience under IMRO or SFA regulations. Consideration will be given to otherwise suitable applicants without this experience. He or she should enjoy dealing with a variety of issues as part of a small team and should have the confidence to deal with management at main board level. The successful

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interested candidates who feel they have the skillset required should forward a detailed CV stating current salary package to Kacey Young or Richard Draper at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE, telephone 0171 379 3333, fax 0171 915 8714. Email: kaccy.young@robertwalters.com or richard.draper@robertwalters.com

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Salaries will be competitive depending upon previous experience. The salary is also supported by comprehensive benefits which include, car allowance, pension scheme, bouse purchase loan scheme and private medical cover. To apply, please send your CV, quoting reference 1971/FT and current salary details to: Sandra Groundwater, Recruitment Consultant, Standard Life Assurance Company, Standard Life House, 30 Lothlan Road, Edinburgh EH1 2DH. Standard Life is committed to equal opportunities.



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This is a challenging and high profile role in an organisation committed to change, continuous

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K/F SELECTION

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### Executive

### **Retail Financial Services Regulation**

The Securities and Investments Board (SIB) is the overall supervisor of the regulatory system set up under the Financial Services Act. It also directly regulates a small number of firms of varying sizes. All aspects of regulation relating to these firms reside one department, each of whose members deals with individuals at senior levels in the firms concerned.

The job holder will report to the Head of Department and tasks will include:

- Development of Direct Regulation policy and input into decision making.
- Handling internal and external enquiries at all levels. Briefing for and attending internal and external high
- Analysis of notifications submitted by regulated firms and assessment of project plans.
- Control of all departmental records including budgets

The successful candidate should be of gradu calibre and a professional qualification would be useful. He or she should have relevant industry experience (preferably in a life office or in regulation) and may be pursuing or have achieved the Financial Planning Certificate and/or other industry recognised qualifications. He/she must have excellent communication and interpersonal skills, an ability to deal with enquiries in a clear and professional manner and the presence to attend and contribute to meetings at all levels. A high level of numeracy, together with problem solving. research and analytical skills is essential as is sound judgement and the ability to read, write and understand complex and technical communications.

This is an excellent opportunity in gain a clear overview of retail financial services regulation. erested applicants should initially contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an information pack, quoting reference 343674 or telephone 0171 269 2365. Closing date Wednesday 23rd April 1997.

Michael Page City

'A key member of Shell's highly influential transformation team'

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With a tripla A rating, operating units in over 120 countries and en ennual tumover of US \$172 billion, Shell is a significant pleyer in the world energy industry as well as being one of the lergest corporations in the world. Net income in 1996 has just reechad a record of US \$8.9 billion. It is our intention to continue to grow and sustain our business over the next 10 years with due regard to our responsibilities for staff, customers end the communities in which they live, along with a proper concern for health, safety end the environment

Success, however, has not diminished our ambition nor bred e sense of completency. Our search for improvements continues and that is why we ere now pursuing e far reaching process of transformation. The Group's Leadership and Performance Operations team (LEAP) was created in July 1996 to support our ambitions and help accelerate the pace of transformation. At present, it is a 15-strong team which now needs to expend to meet the demand for support from our operating units. This is your invitation to contribute to this challanging and exciting initiative by joining the LEAP team.

Your role will be to map out strategies to deliver tangible business improvements across all operating units working with ambitious teams from each of them. Our goal is to meet demanding revenue growth targets and deliver significant increases in capital

The LEAP teem reports directly to the Chairman al Royel/Dutch Shell within the context of a decentralised governence structure. Consequently the key success factors will be your ability to contribute to the overall corporate strategy, whilst working closely with our worldwide operating units to creata and influance the desired outcomes.

You are probably currently working in an internationally oriented organisation and will have had some experience of or exposure to change/transformation, Dynamism, personal presence, the ebility to enticipate discontinuities in diverse cultural settings and a willingness to challenge the status quo are all important qualities. Above ell, you will possess e natural curiosity about transformation linked to a strong desire to meet and exceed the targets set.

To epply, plaase write with a detailed CV to: Recruitment Manager |Ref: LEAP/1-FT), HSL/3, Shell Intamational Limited, Recruitment Division, Shell Centre, London SE1 7NA.

Alternatively, apply vie the internet, quoting the above ref. to: Shellrecruit@onapoyle.demon.co.ul



Deka Gruppe SparkassenFonds

### **OPERATIONS MANAGER**

INTERNATIONAL FINANCIAL SERVICES CENTRE - DUBLIN

#### The Company:

Deka Group is In the process of establishing an IFSC Fund Management company Deka International (Ireland) Limited, which will compliment existing subsidiaries in Frankfurt, Luxembourg and Zurich. The core activities of the group are management of international Bond, Equity, Money Market and Real Estate Funds amounting to over DM 110 billion and deposits amounting to over DM 24 billion.

Deka Group Is the wholly owned investment arm of the German Financial E Services Group (Sparkassenorganisation), comprising of the largest network of domestic savings banks within the German Banking sector.

#### The Position:

Our client wishes to appoint an Operations Manager to work closely with the Board of Directors. This person will be an experienced professional with a recognised qualification in Accountancy; Tax, Banking or equivalent and have at least 5 years' experience of working in the funds industry. ideally with exposure to a broad range of Investment Funds.

The successful candidate will be expected to make a significant contribution to the establishment and the development of the Irish Company and will be responsible for its day to day management. Applicants should have proven management skills; an adaptable and flexible nature together with a high level of organisational, interpersonal and communication skills, and be highly computer literate. A fluency in English and German both written and oral is essential.

> An attractive remuneration package commensurate with experience will apply to the above position.

Applicants should forward a full Curriculum Vitae and salary details quoting reference number DB4 in strict confidence to: James Fitzsimons, Careers Register, 9 Anglesea Street, Dublin 2, Ireland (to arrive no later than 30th April 1997)

Tel: +353-1-679 8900. Fax: +353-1-679 1970. Email: careers@iol.ie

Fax No. 0171-256 8501



RECRUITMENT CONSULTANTS GROUP 2 London Wall Buildings, London Wall, London EC2M 5PP Tel; 0171-588 3588 or 0171-588 3576

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Due to the rapid expansion of our client's volume of business we invite applications from candidates who have significant risk management or transaction experience of complex equity, equity-related or project financings with financial services businesses. As part of an exceptionally able team you will work at the forefront of the transaction process with the originators, and will be responsible for the analysis, structuring, review of the financial modelling, negotiation, documentation, closing, portfolio management and ultimately exit. You are likely to have a post-graduate degree in finance or a related discipline and a second European language is highly desirable. There will be frequent European travel. You need to be highly energetic, have boundless self-confidence, keen to embrace change and "do deals", take great responsibility and be able to justify the decisions you take. Attractive package including car or car allowance, contributory pension, medical scheme, large company benefits and excellent international career development opportunities. Applications in strict confidence, under reference RM6154FT to the Managing Director, CJA.

Global Investment Bank

City

Global Group.

in transaction based corporate finance and/or advisory work in a first class financial institution. Alternatively Our client is one of the largest and most successful global investment banks with a sizeable and expanding European presence. The Global Telecommunications and they will have previous exposure to the Media Group is one of the largest in the sector, providing a comprehensive array of investment banking services mications and media sectors within a consultancy or major corporation. Fluency in European languages is desirable but not essential. Excellent presentation and communication skills will be combined with a high level of numeracy, financial sophistication, commercial awareness, a strong team orientation and including strategic advisory, M&A, equity financing and high yield debt. Further Associates are now sought for the European team. This is a fully integrated that of the

\$200,000 plus

the ability to thrive in a fast-moving, entrepreneurial

The roles are based in London although candidates will be required to travel on a global basis. The remuneration package is structured to attract the most qualified individuals and includes a full range of

Please send a full CV in confidence to GKRS at the

Key responsibilities will be as follows: to manage and drive the execution of a broad range of

ropean team. This is a fully integrated part of the

 to contribute to the identification and winning of new to provide industry and product expertise and ensure the delivery of an outstanding quality of service.

Candidates should be in their mid twenties to early thirties, possibly with a financial or MBA qualification. They will have gained significant experience

address below, quoting reference number 685] on both letter and envelope, and including details of

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# Corporate Finance Professionals

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**PACKAGE** 

This is a superb opportunity for a range of Corporate Financiers, from Directors to Managers, to join an expanding team in the City. Working within a leading financial institution, the appointed individuals will primarily focus on international transactions.

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four Key Investment Bankers.

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an advisory capacity when required.

THE INDIVIDUALS

- Ideally a graduate, MBA, CPA or
- other professional qualificati In-depth understanding and proven track record of corporate finance business.
- Strong M&A background. both in public and private
- Comfortable with the processing of transactions from origination to closing.

TO APPLY PLEASE WRITE ENCLOSING A DETAILED CURRICULUM VITAE TO: KATE GRIFFITHS-LAMBETT OR TRACY CARR, AT WSL EXECUTIVE RESOURCING, 80 HAYMARRET, LONDON SW1Y 4HW. Tel: 0171 930 9066 or 0468 878257 Fax: 0171 930 9077 E-Mail Kato@w-s-l.co.uk .

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See yourself as a partner of the business? Manage change? Develop client relationships? Feel that you can improve the bottom line?

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Client Service has become a popular concept in investment banking. Unfortunately it usually means a help desk bearing the brunt of customer complaints. Our client thinks differently . . .

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service is increasingly becaming a key part of the overall business

We are loaking far graduate calibre, experienced operations prafessionals who have a tharaugh understanding of either interest rate or equity products; individuals with the intellectual base, creative thinking ability and communication skills to formulate new ideas and articulate them to colleagues and clients; people who are prepared to go the extra mile(s) for their clients with the drive, energy and determination needed to deliver.

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Packages: \$100,000+

Exceptional opportunities exist for Polish and Russian speaking fund marketers to develop emerging Europe regions with one of the pre-eminent global investment managers with funds in excess of \$100bn

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for

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in

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# Hong Kong Based

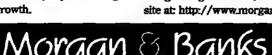
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Have you ever wished for an opportunity to join e company which combines the stability and professionalism of e quality corporation with a true spirit of entrepreneurship and creativity? This company has both, as well as a truly impressive record of financial

This role will take leadership for an extremely wide range of Corporate Finance activities and will deal with the financial markets of the world. The company is preparing itself for an active public offering campaign and this position will act as the key driver for this. The position will act as a senior executive within the company and will play a key role in ensuring that the company'e funding requirements are met to facilitate ongoing growth.

The successful candidate will possess formal qualifications in a financial discipline as well as substantial direct corporate finance experience. You may come from e banking, corporate, or chartered accounting eovironment. You are e flexible executive with a commitment to gaining results and high levels of commitment and professionalism. You have e strong technical knowledge of corporate finance, and you combine this with high levels of commercial acumen

For further informatioo please cootact Andrew Marty or Pagan Van oo (852) 2528 1191 or seod your full résumé, quoting Ref No 2429/02 to Morgan & Banks (HK) Ltd, 11/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong or fax (852) 2528 2901. Please visit our internet site at: http://www.morganbanks.com.au



and creativity.

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This company is a major investor in China and has an impressive oumber of successful projects in infrastructure areas such as transport, power and water treatment. They also have major property projects which are performing strongly.

Due to the continued growth in this project activity the company seeks an experienced professional to head up their project finance team. As a key member of the project team you will develop and structure the financing of projects. You will also need to act as a key point of cootact between the company and other parties such as financiers, partners and advisors.

We seek a candidate who possesses formal qualifications related to finance. You ahould have substantial project

finance experience, probably from a banking environment. but corporate experience could also be relevant. You are a committed, dedicated professional with a strong record of succese and a preference for a dynamic, highly professional company. If so, this is an opportunity which simply must be explored.

For further information please contact Andrew Marty or Aubrey Lau on (852) 2528 1191 or send your full résumé, quoting Ref No. 2428/02 to Morgan & Banks (HK) Ltd., 5/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong or fax (852) 2528 2901. Please visit our internet site at: http://www.morganbanks.com.au

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Morgan Stanley's European Strategy Group is seeking to recruit an additional Junior Strategist.

Responsibilities will include:

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   Strong communication skills and a high
- A knowledge of accounting would be

helpful.

To apply, please write enclosing a full CV, to Samantha Pollock (ref: Strategy).

Office of Development, 25 Cabot Square.

Canary Wharf, London E14 4QA. Closing

date: April 18th 1997,

MORGAN STANLEY

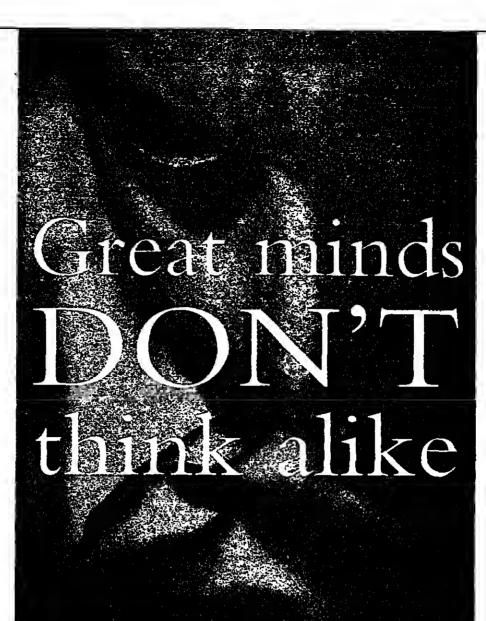
Managing Consultants (Ref. FT/CG/C/001)

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THE GOVERNMENT OF GIBRALTAR



#### FINANCIAL SERVICES DIRECTOR

Applications are invited for the position of Financial Services Director in Gibraltar,

Gibraltar is a British Dependent Territory and is part of the European Union having joined with the United Kingdom in 1973 as a European territory for whose external effairs a member state is responsible. Offshore and international financial services are well established and are of increasing importance to Gibraltar's economy. All financial institutions and activities in Gibraltar are regulated to a very high standard by the Financial Services Commission.

The Government of Gibraltar is committed to the further development of Gibraltar as an international financial services centre of the highest quality and is establishing a Financial Services Division within the Ministry of Trade and Industry to lead this effor.

The Financial Services Director will head the Division and will play an important and creative part in the future of the finance centre, reporting to the Minister for Trade and lodustry. He/she will also work elosely with the Financial Services Commission, other Government departments and the private sector. Responsibilities will ioclude, strategic planning, marketing, public relations, product development and developing and implementing new legislation.

The successful applicant will have a proven track record working in or consulting to other offshore centres at the highest levels in a similar role. A broad and deep understanding of all aspects of international and offshore financial activities are essential as well as an awareness of the competitive issues and current international development in these areas. Familiarity with international tax planning terbuiques and products and regulatory issues is also important. Experience in drafting and reviewing legislation would also be helpful. The ideal candidate will demonstrate strong leadership and interpersonal skills allowing that person to build a strong team in a short space of time, liause closely with ministers, mobilise the private sector and to create the environment and conditions necessary for the development of Cibraltar's finance centre.

A competitive remuneration package will be offered commensurate with the experience and quality of the successful candidate. The appointment will be for a two year period.

Interested persons are invited to send their detailed curriculum vitae to the Principal Secretary, Ministry of Trade and Industry, Suite 771, Europort, Gibraltar.

The closing date of application is 2 May 1997.

EFX Enerflex Systems Ltd. is a well astablished supplier of packaged reciprocating compressor systems and related services to the worldwide energy industry. Enerflex has recently been successful on a number of projects within the North Sea Offshore Oil Industry and, in response to growing demand, we are seeking a UK based Senior Sales Engineer or Regional Sales Manager to further expand our business in the United Kingdom and Northern Europe.

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As the company's key sales person in the region, the selected individual will be responsible for co-ordinating and directing the sales and marketing of our custom engineered reciprocating compressor systems.

The ideal candidate will be a Professional Engineer or equivalent, and have previous sales experience offering engineered equipment to the oil and gas industry in the region. Experience with the application of reciprocating compressors is preferred but consideration will also be given to those candidatas damonstrating high familiarity with the customers in the target market.

Please submit your résume by fax by April 30, 1997 Attention: Ms. Darlene Martin.

No phone calls please.

We thank all applicants for their interest; however, only those selected for an interview will be contacted.

ENERFLEX SYSTEMS LTD.
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# Leading Investment Bank

### Corporate Finance - Engineering Team

#### London

Our client is one of the world's most successful integrated investment banks, recognised as a leader in many market sectors and with an enviable reputation for its extensive client relationships, quality of service and innovative ideas.

Corporate Finance is a key component of the bank's strategy in establishing and developing relationships with the leading European and Global Corporates and in generating M&A, equity related and other advisory transactions. Sector specialisation is deemed vital for future expansion and the engineering team seeks to maximise opportunities arising from the widespread restructuring predicted across this large and diverse industry sector.

The successful candidate will have a keen intellect, complemented by the interpersonal skills required to market to main board directors, and will have gained this experience within either a leading strategy consultancy, the corporate finance arm of a merchant/investment bank or from a relevant industrial company.

He/she must be able to demonstrate the following:

- Familiarity with the Engineering sector or a genuine interest in working with engineering companies, combined with extensive
- UK/European corporate finance or consulting experience.

   Strong analytical and financial skills to complement industry
- The ability to work independently and to formulate effective strategic solutions to satisfy clients' requirements.

solutions to satisfy clients' requirements.

Please contact Annabel Haywood or Jayne Philpott on 0171 269 2298 or write to them enclosing a full CV at Michael Page City,

Page House, 39-41 Parker Street, London WC2B 5LH.
Fax 0171 405 9649.

#### Structured Finance

#### **Project Finance - Oil & Gas Sector**

Michael Page City

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Deutsche Bank, is a leading edvisor on and arranger of project finence worldwide. The continued success of the Project Finance group has created a superb opportunity for a talanted end eccompliehed banker to join the group to focue on the Oil and Gas sector. The emphasis of the role will be on marketing and business development with a view to securing dabt errangement and undarwriting roles.

The successful candidate will

essume full responsibility for the execution of project finance mandates, co-ordination of the arrangement of limited racourse and non-recourse debt facilities for the financing of major capital projects and all aspects of negotiating end structuring trensections.

Applicants for this position should have a minimum of four years experience of lending to the oil and gas project finance sector, preferably both upstream and downstreem and have had

experience of limited recourse projects, syndicated loans and receivable finance. The ability to operate independently whilst exercising sound commerciel judgement is essential, together with the embition and drive required to develop this business end genuinely add value. The remuneration package will be highly competitiva, commensurate with background and experience.

full curriculum vitaa at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 0171 405 9649. Please quote reference 341800.

Interested candidates abould contact Tim Smith on 0171 269 2313 or write to him enclosing

Deutsche Morgan Grenfell



# FINANCIAL CONTROLLER Kingswood Construction (London) Ltd

Kingswood Construction is e small but expanding building contractors specialising in high quality refurbishment and fitting out, based in Beckenham, Kent. We are at present looking for an accountant to join our learn to deal with all general accounting duties and also to assist in setting up systems for more extensive use of IT. The successful applicant must be able to prepare manegement and end of year accounts and will also be highly computer literate. Salary is negotiable but we would expect to offer remuneration in the region of £35K.

Please reply in writing with CV to:-

Kent BR3 1AY

Bridget Howe Kingswood Construction (London) Ltd 56, High Street Beckenham

#### Controller (CFO Designate) Moscow

reflect is a global reflect in 18 months to member of the counting which inclineasury management approaches for quality putation for quality putation for quality potentials and professionalism that second to mone. With perations throughout the stern Europe, Russia is one a major area of you will be a persuasive for the persuasive for the counting which inclineasury management accovering all aspects covering all aspects of significant exposure to have a professional accovering all aspects of the counting which inclineasury management accovering all aspects of significant exposure to have a professional accounting which inclineasury management accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accovering all aspects of significant exposure to have a professional accounting the significant exposure to have a professional accounting to the significant exposure to have a professional accounting the significant exposure to

employees and expects

You will start as a Controller with a view to taking over from the present CFO when he retires in 18 months time. You will have responsibility for over 50 staff and be a key member of the country management learn. Responsibilities will cover finance and accounting which includes budgeting, forecasting, Iax, statutory returns and accounting, treasury management and liaison with external advisors and officials.

This demanding role requires an accountant of the highest calibre. You will have at least 10 years sentor management experience within a dynamic international environment covering all aspects of financial management. Your experience should also include significant exposure to accounting systems development and implementation. You will have a professional accounting qualification. Previous experience working within Russian casem Europe and knowledge of the Russian language is desirable, but not essential. You will be a persuasive communicator, energetic, an excellent manager and motivator of staff. You will be robust in character and not afraid of hard work in an environment which

You will be a persuasive communicator, energetic, an excellent manager and motivator of staff. You will be robust in character and not afraid of hard work in an environment which frequently presents unexpected obstacles.

The position is based in Moscow, The remuneration package will be substantial and commensurate with a senior appointment at this level. A full expatriate contract is offered, for a minimum 3 years period with the possibility of renewal.

Applications will be treated in strictest confidence.



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They are now seeking a high calibre analyst who desires a challenging opportunity which may ultimately lead to a senior financial manager position. Reporting to the Treasurer, the individual will review the performance of the Vauxhall Motors Pension Fund as well as the performance of a number of external investment managers who ma £300 million portfolio of diverse assets in the company's pension fund.

There will be a wide range of responsibilities including providing input into the asset allocation process as well as reviewing products and external advisers and liaising with the

The successful candidate can expect to progress rapidly within the organisation either within the pension fund management function worldwide or within the wider financial management division. Candidates should be dynamic and ambitious individuals, preferably with an MBA or post-graduate degree and several years of post-graduate experience, including at least three years' experience of the fund management industry. A thorough knowledge of the funncial markets and the investment process, including asset allocation, is essential. Individuals should have demonstrated initiative, excellence and personal ownership of responsibility in their current position. A rigorous analytical approach combined with excellent toterpersonal skills is essential.

For an initial discussion, please contact Sarah Hense-Hunter on 0171 269
2314 or Paul Wilson on 0171 269 2312 or elementively write to them at Michael Page City, Page House, 39-41 Parker Street, London WCZB 5LH. Fax 0171 405 9649. Please quote ref 343614.

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#### INSTITUTIONAL INVESTMENT WRITER

Blue Chip Innestment Monage

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Reporting to the Head of UK Institutional Client Services the role will involve the production of a wide range of investment material including institutional fund eports, questionnaires and investment briefing sum ition for new business presentations and for visits to existing ciin addition, the successful candidate will be required to collate and develop est ideas and stories and, channel them through to the relevant sections of the marketing and sales tours, as well as dealing with ad hor client qu

Candidates will have spent several years within a Fund Management house, Stockholding firm or other institutional investment Organization and will have Stockbroking firm or other institutional investment Organization and will have experience in writing and producing detailed investment statutal aimed at the institutional market. In addition they will have strong communication and ational skills and he PC literate.

An excellent remnneration package including significant boosts potential is available for the successful candidate. For an initial discussion in confidence please corract Chris Manifeld quoting reference 5525 on 9171 236 7307, or write enclosing a full CV including salary details to Stophess Solection, 20 Counts Lane, London EC4R STE, or fax \$171 489 1120 or 5-mail

> **STEPHENS** SELECTION

### Investigations

The Securides and Investments Board (SIB) seeks to appoint a high calibre individual to the Enquiries and Investigations department of the Enforcement & Legal Services Division. The Division uses statutory powers, often in conjunction with other regulators, both here and abroad, to detect and deal with cases of abuse, damage and risk to investors.

This is an important position for effective investor-protection. Working with a professional and toulti-disciplinary team, you will manage a number of 'difficult' cases, working on your own initiative, concentrating on investigation work, which will involve frequent travel in the UK and consequent litigation. You will co-operate with other regulators and enforcement agencies, including the DTI, SFO, the police, SROs, RPBs and the Bank of England.

applicants should display maturity, tact and political sense. Experience of investigative work is essential, together with a general knowledge of the City and related issues. Interested applicants should in the first

work unsupervised under pressure. The work

is always of a highly confidential nature and

Candidates should ideally have a legal/

regulatory background with forensic skills, an enquiring mind and the ability to

instance contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an information pack, quoting reference number 343096. Telephone 0171 269 2365.

Closing date Wednesday 23rd April

South Africa

Michael Page City

#### package Holdings Limited Chief Operating Officer

Independent Newspapers

Independent Newspapers Holdings Limited, the largest newspaper company in South Africa, is a quoted subsidiary of the Independent Newspapers Group of Ireland. As part of this important expanding global media and communications Group, it has exciting possibilities in the South African market for developing and diversifying its substantial local businesses. Retirement creates a rare opportunity for a top-flight, highly commercial business professional to work with the CEO in developing and expanding the Group's South African interests.

THE ROLE ■ Reporting to the CEO, a member of the Executive

Substantial

- committee and responsible for all financial matters, reporting and control. Focus on profitability, financing, tax and investor relations.
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- Provision of commercial and strategic support and direction to Divisional Managers through operational reviews and analysis of market

the organic growth and acquisitive expansion of

THE QUALIFICATIONS

High level interpersonal and communication skills. Stature, energy and commitment to provide real leadership locally and win the confidence and support of International colleagues.

■ Graduate CA with excellent track record to board

level preferably in a substantial newspaper/media or related service group. Ideally had international experience in a global business.

Technically excellent in finance and IT, but clearly

experienced in and motivated by involvement in

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transition to market economies.

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and privatisation of the state

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the former USSR in their

technical assistance.

The Banking Department

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This is a key appointment for the Bonks River of the Russia Banking Team in London the Russia Banking Team i manage a staff of 30 people.

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The successful candidate will have: 

Fluency in Russian and very good written and very good written and very good written and our communication skills in English. 

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# Structured/Acquisition Finance

SBC Warburg is universally recognised as a leading force in global investment banking. The Bank is committed to the expansion of its Banking Finance team, which focuses on executing structured and acquisition financing, as well as restructuring advisory work. The team works closely with the Bank's Corporate Finance Division as well as its clients and relationship banks in the negotiation and syndication of deals. The continued success of the group has created two exceptional opportunities to join this active and highly respected team in London.

#### Associate

Responsibilities include:

Negatiation and structuring of transactions with clients, including documentation.

Working as part of a transaction team, with

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potential to lead deals. Financial analysis and cash flow modelling. Research for and preparation of Information

Memorando. Candidates for the role are likely to be aged between 24-28, with a strong academic track record and possessing 3-5 years experience gained from a well regarded corporate banking environment. Good credit and cash flow modelling skills, self-confidence and strong communication

and presentation skills will be assential.

These positions represent superb opportunities to work for a market leader, where individuals will benefit from excellent career prospects and a highly competitive performance linked package.

Interested candidates should contact Mark Pettman or Tim Smith on 0171 269 2472, or write to them enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fox number 0171 405 9649. Please quote reference 319813.



### Senior Executive

Supervision of IMRO and SFA

matters are essential.

The Securities and Investments Board (SIB) has the pivotal role of overall manager of the financial services regulatory system. The Supervision of IMRO and SFA Department is responsible for assessing the performance of two self-regulating organisations against the recognition criteria set out in the Financial Services Act and the relevant standards of regulation. It also has an important role in the coordination of SIB-SRO

The Department is looking for a practical and diplomatic individual who will work on cross-SRO issues and contribute to supervisory projects. Reporting to the Head of Department, the role

- Assessing the integrity and efficacy of procedures. systems and quality controls for SRO regulatory
- Preparing analyses and making judgements and
- Building and maintaining effective working relationships with SRO staff.
- - Interested applicants should initially contact

Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an information pack quoting reference 343175. Telephone 0171 269 2365. Closing date Wednesday 23rd April 1997.

 Lisison with outside contacts e.g. consultants. trade bodies and government departments.

• Preparation of committee papers, Board papers etc.

Of graduate calibre, the successful candidate will

have a relevant career background, for example in

a good grasp of the FSA regulatory system.

management consultancy, corporate planning, or regulation and compliance, and may well have a relevant professional qualification. He/she will have

iliarity with the lines of business regulated by

IMRO and SFA and the ability to analyse and assess

action and their relationship to regulatory

objectives and strategy. Good oral and written skills, common sense and the ability to get to the nub of

an organisation in terms of its components, their

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Banking Opportunities - Middle East

**Excellent Tax Free Packages** On behalf of a number of prominent Gulf based banks and financial institutions, we are urgently seeking energetic and highly motivated professionals for challenging roles within a competitive and dynamic market place.

Corporate Finance Executive

One of the major regional banks seeks to further develop its Corporate Finance capability by the addition of a specialist with strong advisory and execution sidis, Candidates should possess a minimum of 5 years' experience within the sector and the products will include private placem cian-namure formations and restructuring. Strong analysis and modelling

Project Finance

This leading Gulf based financial institution has an urgent requirement for a highly motivated individual to be responsible for generation, structuring and execution of high profile project finance transactions within the region. In addition to being PC literate applicants must be able to demonstrate proven analytical, technical and negotiation skills.

Unit Head - Financial Institutions Our client, a prominent regionally based bank, seeks an experienced come, a prominent regionary used taste, seeks an expensional correspondent banker to be responsible for the marketing of its services to an existing client base in addition to developing new relationships. The role will also lockede the management of bank risk and therefore a strong credit background will be a definite advantage. Treasury Marketing

We seek an experienced individual to market a wide range of treasury products to Guif based corporates and financial institutions. Based at our client's head office in the region, the role will be to develop existing relationships and source new prospects within the concountries. Previous experience of the region and a profitable track record

Financial Control

There is an immediate requirement for qualified accountants with skills in the following areas: management reporting cost accounting budget costrol and accounting policy. These are important toles requiring excellent technical and interpersonal skills and which will make a major contribution to our client's business effort.

Retail Banking

This is an opportunity to join the progressive and evolving consumer building marker place. We seek highly motivated technicians who have expertise in product management and development, marker segmentation and service quality. Experience will have been gained within a prime retail banking or financial services environment.

If you are interested in any of these exciting challenges or in other banking opportunities in the Middle East, please send your corriculum vitae, in strictest confidence, to Philip Wright or Brian Jarvis, or telephone for an initial disc Devenshire Executive, 7 Rirchim Lane, London ECSV 98Y. Tel: 0171 626 2150. Fax: 0171 626 2092. a-mail: une@devenshire

Devonshire executive



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#### Developing high-quality research with a global reach

A) J.P. Morgan, a leading global investment bruik, the contioued growth of our European Equities business is creating further career opportunities in research. Based in Londoo. our equity research effort focuses on selected pan-European sectors.

In order to incilitate the continued growth of the department, we are now looking to recruit two equity analysts with a corporate finance/equity research background or exceptional industry experience, possibly gained with a management consultancy. In each case, the objective will be to analyse sector trends, forecast companies' results and, ultimately, make investment recommendations. The ability to prepare models and provide effective marketing support is key and will lead over time to the development of close relationships with fund managers and companies.

#### ANALYST - RETAILING

With particular emphasis on food retailing, our research effort in this sector is pan-European in its approach and also involves significant liaison with the U.S. and Latin American retail teams. You will initially provide a support function, including financial modelling and written work in response to internal and external client oeeds. However, it is envisaged that the role will grow, allowing you to make a pro-active contribution and take on significant decisionmaking responsibilities in the future, Regular interaction with retailers and travel to Europe can be anneipated.

### **JPMorgan**

A graduate with a 2:1 degree, you should be fluent in one or more European languages. in addition to English, and have excellent verbal and written communication skills. Your powers of lateral thinking will need to be halanced by an authoritative and assured approach, the stamina to work long bours in order to achieve deadlines, plus the ability to fit easily into a young, enterprising culture.

#### ANALYST - UTILITIES

Our equity research in the utilities sector will grow as the trend towards privatisation and deregulation in Europe is maintained. The focus is on electricity and water utilities in Continental Europe. We are looking for an eclectic individual who can play a generalist role in providing back-up knowledge and support in response to both internal and external clieot needs. Over time you will develop your own coverage of companies.

You will need at least a 2:1 degree in a business. economics or accounting discipline, preferably supported by an MBA. Fluency in at least one other language, ideally Spanish or German. is also essential. You will have a high level of self-motivation, excellent verbal and written communication skills and the ability to work effectively as part of a team. ..

To apply for either of these roles, please send full CV, stating clearly which position you are applying for, to: Cathy Mitchell at J.P. Morgan, Recruitment Centre, PO Box 161, 60 Victoria Embankment, Loodon EC4Y OJP, Closing date for applications: 16 April 1997.

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- are qualified chartered accountants with previous deal experience in mergers & acquisitions, preferably with a second language.
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### **Telecommunications** Numbering Expert

The European Telecommunications Office (ETO), part of the European Committee on Telecommunications Regulatory Affairs IECTRA), is currently seeking a Numbering Expert:

#### Responsibilities:

- to undertake studies for the European Union and carry out reports;
- to collect, analyse and compile information from all involved administrations and companies;
- to present results of studies to ECTRA Project Teams and at workshops.

#### **Duties:**

to assist the Head of Numbering in preparing ECTRA positions in European and international organisations for numbering. naming and addressing recommendations and to participate in the work of these organisations.

#### Profile of the applicant:

- must be a national of one of the 43 CEPT countries;
- must have at least 5 years working experience and university level education, or equivalent;
- must have experience of public policy work in Numbering and Telecommunications, proven analytical skills and the ability to draft concise reports and proposals;
- must be fluent in English and have a knowledge of either German or French.

The post is based in Copenhagen. The commencing salary will be in the range of DKK 414,200 - 503,200 per annum (tax free) based on qualification and experience.

Applications (in English) before 1 June 1997, to the Director of ETO at the following address: European Telecommunications Office, Holsteinsgade 63. 2. DK-2100 Copenhagen, Denmark. For further information, contact ETO by telephone: +45 35 43 80 05 or the ETO Web Site - http://www.cto.dk.

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Foreign & Colonial Group has grown its funds under management in the last 8 years from £2 billion to a figure of £26 billion and is one of the fastest growing investment companies in the UK. It is recognised by senior management that a crucial part of the success behind this growth is effective, efficient and proactive administration. Foreign & Colonial Group are fully committed to this philosophy and are now strengthening their operations department with the appointment of 2 new roles reporting to the Director of Administration.

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#### The Role

- Responsibility for all aspects of performance measurement with a brief to create and implement innovative policy for the group.
- Comprehensive evaluation of performance of all products, including analysis of issues pertaining to performance attribution, style and methodology.
- Concise monthly reporting to senior management. Supervision of the monitoring institutions.

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- High calibre performance measurement professional with first class interpersonal skills and a track record of achievement within the investment industry.
- Pro-active style and strong analytical/problem solving skills as well as good man management ability.
- Creative with energy, ideas, convicting and vision, underpinned by excellent technical knowledge.

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- Management of all issues relating to services outsourced by Foreign & Colonial. Selection of custodians, administrators and other third parties, together with responsibility for negotiation, monitoring and ongoing
- Ensure performance standards and IMRO compliance issues are achieved and that best value is obtained from third parties.

- Experienced relationship manager from a competitor institution or a custodian/unit trust company. Must have full knowledge of building and operating SLAs.
- Polished interpersonal skills with the ability to build relationships both internally and externally.
- Highly credible with a strong degree of comfort interfacing with both the most senior custodians and user group level of third parties.

Interested candidates should write quoting Ref: 431, enclosing a full CV to BBM Selection, 76 Wailing Street, London EC4M 9BJ including contact telephone numbers. All applicants will be treated in strictest confidence.

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A graduate with 2-3 years' experience as an lovestment or corporate credit analyst, you will be able to display a good working knowledge of accounts and possess high levels of initiative, to addition to a oaturally analytical miod, the ability to work confidently with spreadshects is essential.

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London

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Quantitative Analysts - Equity & Fixed Income

developing the derivatives models for use by the trading desk and the risk management function. Other key responsibilities will include the management of

management function. Other key responsibilities will include the management of the SFA model recognition process, both for own models and for models produced by other departments; marker risk and risk aggregation modelling; and advisory services to the trading divisions regarding their risk strategies. The range of models cover all aspects of our clients' debt and equity business. Candidates of interest will have a first-class academic record and at least a Masters degree with a high

mathematical content. They must also have at least two years of experience of

derivatives modelling in a leading financial institution and possess strong

Opportunities exist for Quantitative Analysts who will be responsible for

Outstanding opportunities for high calibre professionals with excellent derivatives experience to join one of the world's leading investment banks.

Our client is one of the world's leading financial institutions and provides the full range of investment banking services in the equity, bond and derivatives markets. Continued expansion and a business strategy geared towards providing clients with a fully integrated and comprehensive service, has created exceptional opportunities for experienced derivatives professionals to join their risk management operation. As part of a dedicated marker risk function, this team will drive the development of leading-edge risk management practices throughout the firm and have an advisory role to play at board level. Opportunities exist in the following areas.

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Working closely with the front office, the equity and fixed income managers will play a key role in developing the risk strategy of the firm. They will be responsible for model validation and ensuring that all aspects of trading risks are properly assessed, managed and understood. They will also have a critical contribution to make as risk advisors and will recommend to the responsibility. make as risk advisers, and will recommend trading strategies, markets and products which will enable the firm to improve its risk return trade-off.

These high profile positions will appeal to candidates who have at least five years' experience in a leading financial institution as a Risk Manager or Trader. Candidates of interest will have had significant exposure to either derivatives or arbitrage strategies and display an in-depth knowledge of capital allocation and portfolio theory. They will also be highly quantitative, educated to at least a Masters degree level and will probably have begun their career in a quantitative function. Finally, applicants should also have the ability to establish credibility at a senior level and communicate effectively with the trading desk.

These roles represent excellent opportunities for individuals to move into high profile and career enhancing positions with an ambitious and forward thinking investment bank. You are guaranteed a varied and challenging role in a front-line function and the opportunity to contribute to an expanding organisation committed to further growth and development. The remuneration package is first class and is designed to attract candidates of the highest calibre and ability.

programming abilities.

If you would like to explore these opportunities further, please contact Karen Gay at Michael Page City on 0171 269 2303 quoting reference number 340150. Alternatively send or fax your CV to her at Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649. All applications will treated in the strictest

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QUALIFICATIONS

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THE POSITION

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- Work proactively with commercial management team
- Effectively handle projects designed to make major contribution to advancing the busin

Please send full cv, stating salary, ref LG70407, to NBS, 54 Jermyn Street, London SWIY 6LX

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Whitehead SELECTION

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staff management, as well as having sufficient stature and interpersonal skills to build strong relationships within a multicultural business. Experience of operating within a rapidly-changing environment would be an additional benafit and the ability to speak Garman is ideal, though not essential.

Ralocation assistance will be provided if

Pleasa send your curriculum vitaa with current remuneration details and an explanation of how you meet these requirements to Carrie Andrews, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London ECAA 1NH, quoting reference CA112.

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The Requirements

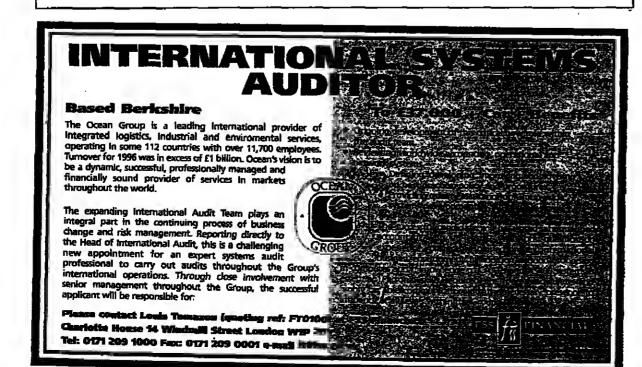
- Qualified accountant with at least 5-10 years' managing multi-discipline staff.
   Fluent in English and two European languages.
- Knowledge of US GAAP accounting. Experience in a high volume administration/billing environment with a strong customer
- Confident and outgoing personal style, with strong intellect and a proven team member.

■ SAP R/3 knowledge preferred.

Alternatively send by fax on 0171-312 3380 or by e-mail to cv@kiselection.com net Home Page: http://www.kf

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL





The European Foundation for the Improvement of Living and Working Conditions, an autonomous body established by a regulation of the Council of Ministers of the European Union located in Dublin, Ireland, is organizing an open competition to fill two vacancies

# Programme Managers: Research Management

Ref. RM/A7 (94/1;95/1)

The Programme of the Foundation over the next four years will address a range of challenges facing European Society and, in particular, Employment, Equal Opportunities, Health and Well-Being, Sustainable Development, Social Cohesion and Participation.

Further details of this competition are mentioned in the Official Journal of the European Communities No. C 106 A of 4 April 1997, which also contains the official application form. Closing date for applications, preferably by registered post, is not later than midnight on 16 May 1997.



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THE ROLE:

THE PERSON:

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THE PERSON:

Suitable individuals will possess the following: qualified Accountant (ACA, ACCA or CIMA) 3-5 years experience in the banking/financial sector
 staff supervisory experience and/or management

 2-5 years experience in an investment bank. It is essential for both roles that the individuals are dynamic and are flexible. Strong communication skills are a prerequisite and knowledge of the Italian language would be an advantage but not essential. Both these opportunities offer competitive salaries and benefit packages with international career opportunities

Please forward your full resume in the strictest confidence, quoting the appropriate reference Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA. Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949.

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These are exceptional opportunities for accelerated career progression designed to attract the most able to gain experience in a challenging international environment and move rapidly into a significant international management role within a period of 18 to 36 months. There are two entry points to the team. Either aged 28 to 32, a linguist (Greek. Spanish of particular interest but other European languages including Russian as well as Chinese and Japanese equally valued) qualified with sound "blue chip" audit experience, ideally including some project/ acquisition work or mid to late thirties with significant experience where commercial judgement and people skills have been fully developed. You will be based from home travelling extensively as part of a UK based internal audit group - other groups are based in Hong Kong, Singapore, Dubai and Santiago before moving into an international line role within one of the business units. We will be

particularly interested in candidates

with experience of working within the **AUTOMOTIVE or CONSUMER CREDIT** sectors although this is not essential if you have the skill set and drive required. Incheape Ple is a £6 billion T/O "blue chip" plc operating in 67 countries and employing 33,000 people. Core business's include motor vehicle distribution (the worlds largest independent representing 38 manufacturers in 35 countries) bonling and distribution of Coca Cola, marketing of world renowned branded goods and automated office equipment and the worlds largest network of ship agencies. Candidates should write to Roger Lilley at the address given below providing full career details and your expectations of the type of job you wish to be undertaking in two years time. An attractive salary and comprehensive employment package will be offered to successful candidates. Roger Lilley Associates

International Management Recruitment Redvers House, 13, Fairmite, Henley on Thames, ONON RG9 2JR

ROGER - LILLEY

ASSOCIATES

International Management Search Selection & Development

#### FINANCE DIRECTOR

**BUSINESS SERVICE SECTOR** 

SOUTH MIDLANDS

c. £55,000 + BONUS + BENEFITS

- £100m phis turnover division of a highly decentralised, quoted group which has grown both organically and through acquisition.
- The energetic Managing Director needs a truly business focused Finance Director to act as his right hand person, to lead and motivate the financial team and to derive full benefit from the recently installed IT systems.
- In addition to the core areas of financial reporting, controls and systems, he/she will participate actively in strategic and business planning, commercial decisions and negotiations, as well as analysing contractual bids, capital investment and acquisitions.
  - Mease apply to writing quoting reference 1,386 with full career and salary details to: Nigel Bates Whiteboad Sciention Tel: 0171 290 2043 http://www.gbncz.co.uk/whitchcad
- Graduate qualified accountant, probably aged

Compliance Officer & Internal Auditor Ref: FI3095

to develop an investigative accounting role.

• reporting directly to the Chairman

Suitable individuals will possess the following:

• qualified Accountant or graduate in Business

Administration/Law

knowledge of SFA and LSE regulations

- late 30's, with a record of success at a senior level in a large service sector business, known for its well developed systems and techniques.
- Commercially minded and realistic in approach, he/she will have experience of working as part of a highly motivated team and developing an effective finance function.
- A 'hands on', achievement-orientated individual, he/she must demonstrate clear potential for subsequent career progression.

Whitehead

### **EUROPEAN FINANCE DIRECTOR**

SOFTWARE AND TECHNOLOGY DRIVEN ELECTRONICS PRODUCTS

Package c.£75,000 negotiable MANCHESTER-based, frequent travel

GenRad, a listed NYSE multi-national, is a leading world-wide supplier of diagnostic solutions and integrated test measurement for the manufacture and maintenance of electronic products. The Advanced Diagnostic Solutions (ADS) business, with its world-wide HQ and new state-of-the-art manufacturing plant near Manchester, is a pioneer in the field of diagnostics systems for automotive electronics. The electronic manufacturing test systems business, whose production facility and HQ is in the US, provides for incrincial testing of printed circuit boards and has sales and support offices in several major European cities. The Group focuses on four major core markets; communications, transportation, computers & peripherals, and contract manufacturing. European-based sales are rising rapidly from a current level of circa \$100 million. An outstanding EFD is now required to join a focused management team dedicated to growing the business. The Position The Requirements

Accountable to the World-wide CFO, the Global Head of the ADS business and the Head of the European Test System business.

- Direct responsibility for all European finance, tax, treasury and reporting, covering the main ADS office and plant in Manchester as well as the six European Sales and Service test systems offices.
- Four direct reports plus approximately 25 staff. Shared responsibility for IT.
- Senior management role with mandate for change, business improvement processes and "bottom line" focus.

Please send your CV with current salary details to: Margaret Coulson, K/F Selection, Concorde House, Trinity Park, Bickenhill Lane, Solihull B37 7ES,

■ Qualified graduate accountant with 5-10 years' quality experience.

- Manufacturing experience, preferably electronics, essential; Distribution sector, and European multi-site experience desirable. ■ Knowledge of US GAAP accounting and modern
- planning, control and budgeting techniques. Analytical, systems skills, TQM commitment.
- A learn player, confident, open and outgoing; proactive financial leader, committed to constant improvement.

quoting ref.5307/A. Alternatively send by fax on 0121-782 2524 or by e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

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To £ six figure

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GROUPE CHEZ GÉRARD

Central London

### **Finance Director**

Groupe Chez Gerard, London's leading quoted restaurant company, has radically redefined industry standards for high quality, good value restaurants. Applying professional management and marketing skills to individual brand concepts, such as Chez Gerard, Bertorelli's and Café Fish, the business has built an unparalicled 10-year growth record, whiist maintaining an emphasis on flair and quality. Now comprising 12 restaurants, with a market capitalisation of some £50 million, the group is seeking a proactive Finance Director with a passion for customer service to help drive it to the next level.

Pic Board appointment with responsibility for all aspects of financial management. Providing focused, clear information and supporting the restaurants by developing and monitoring non-financial key performance indicators.

Participating fully in strategic discussions and acquisition reviews, evaluating and negotiating deals. Creating the intrastructure to facilitate the integration of new restaurants and foster organic growth

Contributing as an integral part of the organisation, managing 10 staff and forging strong working relationships with colleagues throughout the group. Playing a significant role in communicating with shareholders and the City.

THE QUALIFICATIONS

- Fast-track performer who is flexible enough to thrive in an entrepreneurial environment, yet has the discipline and rigour imparted by formative years in a
- Nimble-footed with a sharp intellect and astute commercial judgement. Hands-on and approachable, with exceptional communications skills and a genuine appreciation for the contributions of others.

Leeds 0113 230 7774 London 0171 298 3333 Manchester 0161 499 1700  Selector Europe Spencer Stuart

Pienee raphy with, full details for Selector Durope, Wal. P4112047L, 16 Communicatives, Lordon W2 22D

Executive Resourcing

### CHANGE STATEMENT OF STREET

MAMA CORRIDOR

Our client is an entrepreneurial and acquisitive fully listed group, monufacturing proprietory engineering products with operations in most European countries. The Group, which has strong institutional support, is now set for a further period of ocquisitive growth.

The Group Finance Director will assume responsibility for off financial management issues and, as part of the small monogement learn, contribute to the definition and implementation of the growth strategy. As the Group grows it will be essential that the Director ensures that the Group's financial management disciplines and controls conform to "best practice" and that at a business unit level there is an appropriate degree of financial accountability. In addition, responsibilities will encompass tax, treasury, legal and company secretarial activities.

Condidates will be graduate qualified accountants with significant post qualitying experience in a professionally managed, ocquisitive engineering group. It is essential that the Director is a team player, has the intellectual and personal skills to "think outside the box" and demonstrates a willingness to contribute in the broadest sense to the management of the Group. Drive and a results orientated style, combined with resilience and first class interpersonal skills, will help the successful conditions achieve credibility both inside and outside the Group.

CHE THE BENEFITS

Please send full personal and career details, including current ramuneration level and daytims telephone number, in confidence to Anne Routledge, Coopers & Lybrand Executive Resourcing Ltd. 1 Embankment Place, London WC2N 6NN, stating any companies to which your details should not be tonwarded and quoting reference AR1249 on both envelops and letter.

South Wales

Competitive packages

Monsanto is a global corporation with interests in chemicals, pharmaceuticals, food ingredients and biotechnology products. The company is currently in the process of designing an independent chemicals enterprise that will be a Fortune 500 company in its own right with about \$3 billion in annual sales. As the future focus will be on the highest level of operational excellence and product growth, high-calibre candidates are needed to staff a number of finance functions at the UK plant/headquarters located in South Wales.

#### Team Leader Financial Reporting

- You are responsible for: monthly reporting of results (UK, US GAAP)
- preparation of annual accounts
- VAT. TAX returns preparing annual budgets & forecasts
- dealing with external sources.

At least 7 years' experience in all aspects of financial reporting procedures in an international commercial

### Credit Manager UK

- With UK revenue about £60m, you are responsible for: credit control for all in UK manufactured goods and sold in Europe-Africa
- treasury operations (bank, forex, insurance)
- cash management including receivables. 5 to 7 years' experience in a commercial or banking environment, of which a significant proportion has been spent in the credit/treasury function, is essential. Non-UK experience would be an advantage.

environment is essential, Ref: TL/DW/FT. Ref: CM/DW/FT. In both of these roles, partnering with management to interpret, understand and influence decision-making is as critical as functional skills. A qualified accountant, finalist, or with a good university degree, you should be ambitious for an international career, not necessarily within finance, and able to demonstrate an ability to work with people at all levels and a strong business focus. Knowledge of any other European language and knowledge and experience of SAP software would be an advantage.

Competitive packages will be fully commensurate with qualifications and experience. To apply, please send full cx, quoting the appropriate reference, to Derek Wroughton, Executive Search and Selection, PA Consulting Group, Chamber of Commerce House, Second Floor, 75 Harborne Road, Birmingham B15 3DH. Tel: 0121-454 5791.

Offices: London (0171) 730 9000 Birminghum (0121) 454 5791

Consulting

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apa

### DEPUTY CHIEF EXECUTIVE

c.£40k + pension

We are looking for a talented executive with financial flair to join a lively and committed team of professionals who provide apa with the combined skills to help us achieve our main objective of tackling drug and alcohol misuse nationally. Our headquarters are near Farringdon Underground.

The person must be a qualified CCAB accountant able to combine patience and understanding with firm leadership and financial direction. upa is seeking to make its management information systems more sophisticated whilst at the same time more relevant to managers' needs. The Deputy Chief Executive will therefore make a vital corporate contribution to our valuable work in many projects around the country where over 11,000 people benefit each year from our services. The strategic management of our human resources and fulfilling legal compliance issues form part of the postholder's responsibilities too. apa is working lowards advancing equality of opportunity for all.

Closing data 28 April 1997. Preliaimery lateryleurs: 12 May 1897.

For an informal discussion please telephone our consultant: Desmond Gray at HACAS
Recruitment, 0171 609 8491. An information pack and application form can be obtained from HACAS Recruitment, 0171 609 9491. An information pack and HACAS at United Hoose, North Road, London N7 90P.

X

They are now seeking to appoint a high calibre professional to play a fundamental role in accelerating the company's profitability. This newly creates position will report to the Customer Services Director, and its principal

- Total responsibility for debt and credit risk
- Critical review and implementation of policies and procedures, and cement of existing credit man
- Development of an organisational framework to optimise operational efficiencies
- The management, motivation and development of over 100 staff at multi-site

C.£50,000 + Bonus + Excellent Package

You will be a qualified accountant, or perhaps credit manager, with a strong internal control background, coupled with in-depth experience of debt management preferably gained within a consumer credit environment or

introducing a comprehensive change management programme. It is esse therefore, that you have the strength of character and technical ability to ate, implement and measure the success of change. As a result, well pent and communication skills are a pre-requ

icial line role will occur within 18 months For further information please contact Graham Guess, quoting reference number 2456/38 on 01753 758 600. Alternatively, fax your CV on 01753 570 009. Morgan & Banks - Thames Valley, Edinburgh House, Windsor Road, Slough SL1 2EE. E-mail: west@morgan01.co.nk Please visit our Website at http://www.morganbanks.com.au

The challenges are large but so too are the rewards, both financially and in

### CORPORATE FINANCE OPPORTUNITIES

**London • Germany • France** 

£27-£47,000 + Benefits & Relocation **Package** 

**■ ERNST & YOUNG** 

In response to increased acquisition activity in continental Europe, Ernst & Young are expanding their European due diligence network as a priority. The UK firm wishes to recruit young qualified ACAs to join the teams based in Paris, Dusseldorf and Frankfurt for an 18 month period following 6 months training in London. After the 2 years, further career development would be expected in any of the four locations, elsewhere in Europe or the USA.

#### **REQUIREMENTS:**

- A qualified ACA with between 1 and 3 year's post qualification experience.
- An excellent academic background is essential with a good pass record.
- You will have completed your training with a Top 20 firm.
- Conversational French/German although further training will be given. A strong personality with the ability to present at a senior level.
- Analytical skills and commercial understanding of businesses.

#### THE ROLE WILL INCLUDE:

- Developing relationships with UK and US acquirers.
- Pre-acquisition commercial and financial due diligence.
- Advice on sale and purchase agreements. Financial modelling.

Interested candidates should contact Tony Wright on 0171 629 4463 (evenings/weekends 0378 848390) or write to him at Harrison Willis, Cardinal House, 39-40 Albernarie Street, London W1V 4ND. Fax: 0171 344 0361. E-mail: hwgroup@hwgroup.co.uk http://www.hwgroup.co.uk/hwgroup

HARRISON

Part of the Harrison Willis Group

gnostic

#### Senior International Controller

#### **Our Profile**

A division of the F. Hoffmann-La Roche Ltd healthcara group headquartered near Basel Switzerland, Roche Diagnostics with 3,000 employees is one of the world's leaders in the development, production and distribution of testing systems for human in-vitro diagnostics. The Planning, Information and Control area ensures that divisional resources ere utilized to build value for the Group by managing the global financial reporting. budgeting and management information systems, planning end assessing the operating performance of the business, and building and maintaining the division's Imformatics architectura.

In the Controlling Business Support group, the position has three principal areas of responsibility, besides project work. First, the incumbent controls, in a very hands-on way, the international revenues reporting system and communicates the results within the division and to the appropriate Roche Corporate recipients. As Diagnostics is a complex systems business. clear focus on the essentials of accounting and financial analysis are called for. Secondly, the position manages the international annual budgeting process and coordinates controlling and management resources involved in the team development and evaluation of the budget. Thirdly, the incumbent establishes and . communicates the reporting guidelines for the division. All of the above processes are supported by high quality, often state of tha art informatics systems which are continously driven by the incumbent to improve.

You have an academic degree where finance and/or accounting have been emphasized. You have probably also earned a CA or CPA qualification. You have worked in a finance environment and specifically in controlling for at least five years, but more likely eight to ten years, are self-motivated, ambitious and promotable. You are comfortable with informatics systems. beginning with the standard Windows desktoos. You work wa both alone and in International teams and are a good communicator, as prepared to work personally with senior management as with technical people, You speak and fluent English, have mastered at least one ohter major and (preferably German or have an ability and willingness to some German), and are prepared to live in Switzerland area near Basel.

Lor Multer details you may counte Mr. James Standing of SMI Harantin Krause er +21-61-687-2192. But better planet particular us a letter introducing yourself together with your CV baseling addressed to S.ID/1A6. Personnel Department, Diagnostics. Division, F. Haffman-La Roche, Ltd. P.O. Box, CH-4070 Basel. Switzerland.

### INTERNATIONAL AUDIT

Paris/Houston

Schlumberger's products and technologies span virtually every aspect of daily life. The Group has two main business segments: Oilfield Services provides advanced technologies for petroleum exploration and production; Measurement and Systems is a leader in the management of electricity, gas and water supplies and a pioneer in smart-card technology. With a transnational workforce of 56,000, its success is founded on a commitment to investment in products and people, innovation in technology and working practices and an active policy of promoting from within.

Touching every aspect of Schlumberger's diverse global operations, the Internal Audit team acts as an internal consulting resource and is one of the principal entry points in a career within the group. The high-visibility team undertakes a range of projects aimed at evaluating acquisition targets as well as improving process efficiency, ensuring financial integrity and ultimately enhancing profitability.

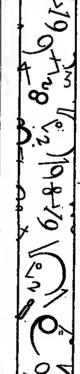
You should have 3-5 years' experience in the finance function of a major international organisation or professional firm, a recognised finance qualification, some audit experience and a track-record of real career

achievement. Excellent interpersonal and communication skills at all management levels and fluency in English are essential, proficiency in a second language would be an advantage. Willingness to work within a team and mobility will be the keys to your success in a truly international group. Based either in Paris, France or Houston, Texas, and covering operations in 97 countries, you will travel extensively, building up a detailed knowledge of Schlumberger worldwide. The Audit team is viewed as a key training ground for future management. Enthusiasm and initiative should lead within two years to an operational position in Schlumberger's finance function anywhere in the world.

To apply please post or fax a full CV, including salary details and quoting ref-208 to Alderwick Consulting, our advising consultants at 95 Fetter Lane, London EC4A 1EP, fax (+44)171 242 3560. For more information, telephone (+44)171 242 9191 (weekdays), (+44)1767 627562 or (+44)1763 853025

Any CV sent direct to Schlumberger will be forwarded to Alderwick

Schlumberger



### **Financial Controller**

#### West London

Our client is a leading manufacturer and distributor of state of the art entertainment and architectural lighting control systems. The forward strategy for the company includes exciting plans for growth and development in the UK and other key European countries.

This US owned company, which established its first European office in the UK in 1995, is seeking an ambitious qualified accountant to take financial responsibility for its projected growth. The production of monthly management and year-end accounts, together with the budget administration in a costing environment will form the cornerstone of this challenging role. Reporting to the Managing Director, you will work closely with him to develop the financial, commercial and information technology management of the business.

This demanding role offers you the opportunity to gain significant responsibility from day one. The successful applicant will have experience of meeting tight deadlines and will possess excellent commercial and financial acumen, complemented by a high degree of computer literacy. The scope of the role will develop as the Company grows.

In the first instance, please send your career details to Fiona Coles or Rosemary Chapman at Grant Thornton, Grant Thornton House, Melton Street, London NW1 2EP or alternatively call them on 0171 383 5100 to discuss the matter further.

Grant Thornton



9

### **GROUP** MANAGEMENT ACCOUNTANT

London

**Excellent Package** 



Operating within the international oil and gas sector, as consultants and project managers of turnkey contracts, this long established company has in recent years moved into more complex and multinensional commercial relationships with some of the world's leading energy providers.

Having emerged from a challenging period of development the company is continuing its restructuring and development programme to ensure that the staffing and operational structure is sufficiently flexible to meet the challenge

As part of this process the client has entified the need to recruit a top-line financial professional reporting to the Finance Director. The successful applicant who secures this high profile position will have to provide ex mmercial and technical abilities and will offer in return an exceptional career opportunity. Particular skills with the following areas are essential.

- Proven team leader with strong and highly effective communication skills at all levels.
- Highly computer literate with particular experience of the presentation and interpretation of strategic management information using the Sun Systems report writer. The preparation of Group
- Management accounts including managing the Budgeting and Forecast Strong analytical experience, along with extensive commercial acumen.

- Deputising for the Finance Director
- in his absence. Extensive liaison with international
- Manage a change process with the Finance Department and establish a project orientated accounting culture. Candidates who possess a recognised accounting qualification with a minimum of three years post qualification experience, ideally gained within a service related industry, and who meet the above criteria should apply in writing to Sheila Harris, Director, or retained consultant Roy Tail at Harrison Willis, Cardinal House, 39/40 Albernarie Street, London W1X 4ND, or call her on 0171 629 4463 weekdays or 0973 256473 evenings and weekends. Fax 0171 344 0362. E-mail: hwgroup@inwgroup.co.uk http://www.hwgroup.co.uk/hwgroup



Part of the Harrison Willis Group

### BUSINESS SERVICES MANAGER



SC Johnson Professional is one of the world's leading manufacturers of chemical speciality products for commercial maintenance and industrial markets. Highly recognised brands such as PROFESSIONAL Pledge and Brillo and quality service have contributed to the year on year profitable growth which the company seeks to sustain.

> Integral to the company's plans for further growth and development is the appointment of a Business Services Manager for the UK operation, who reports to the Managing Director and will make an immediate impact and contribution in driving the business forward. Responsibilities will include:

Surrey

Attractive salary.

car, benefits

- Effective management of all aspects of the finance function
- Provide commercial and financial input on all business plans
- To manage and co-ordinate all Human Resources activities Optimise customer service and supply chain performance to add significant value to the business
- This challenging role will provide a finance professional with a unique opportunity to contribute in commercial and general management as well as financial terms, to the bottom line.

As a graduate and qualified Accountant you will have a strong technical background as well as excellent management and communication skills together with an ability to build effective cross functional relationships. You must be able to demonstrate a well developed commercial mind and a flexible hands-on approach.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson or Angela Mascias, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995, quoting ref: HAM/10716/FT.

### Hoggett Bowers

EXECUTIVE SEARCH & SELECTION





etunity to capitalise on the FT's European readership and to further terms the French ha

further details picase telephone: Toby Finden-Crofts on +44 6171 873 4027

#### FD **DESIGNATE**

W. END

£70,000 + EXEC. BENS

The UK Finance Director of this major US Retail Group is seeking to recruit a high calibre, qualified eccountant who has the potential for advancement to board level within a 12 month period. Previous experience of a retail environment is not essential, however, you should be able to demonstrate a proven track record working within a large 'Blue Chip' commercial organisatioo. The position will be responsible. not only for the Head Office Finance function. but also for the day to day operations of the UK accounting department. The successful candidate will be expected to make a significant contribution to strategic and other non-finance related matters. Contact Tracey Alper quoting Ref. TA6542.

#### FINANCE **DIRECTOR**

W. END

£65,000 + BONUS

This is a high-profile, No. 1 role within a UK operating unit of one of the world's largest Marketing Services Groups.

The UK division has a turnover of c.£50m and has doubled in size in the last 5 years. Reporting to the UK CEO the role demands a bands-oo approach and superb management skills as there are nearly 40 staff reporting in to this positioo.

There is functional responsibility for IT and HR as well as the finance function and experience in these areas, ideally in a media/service company, is desirable. You should be a qualified accountant with a proven track record of management in a deadline orientated environment. Cootact David Rooney quoting Ref. DR8324.

#### **VP BUSINESS DEVELOPMENT**

£60,000 + SHARES + BENS W. END

Our Client, a multimedia organisation, is currently seeking a senior professional individual to join their executive

management team.

The successful candidate will be respossible for 45 business units worldwide and will coordinate special projects such as setting up new ventures, assessing the viability of corporate functions and MIS strategy reviews/new product launches. You will have the opportunity to be highly influential in strategic decisioo making at Board meetings. You will be a top six trained ACA with at least 5 years post qualification experience in a commercial environment. Contact Rachel Montagu quoting Ref.RM6842.

#### **FINANCIAL PROJECTS**

C. LONDON £55,000 + CAR + BONUS

This market leading leisure group seeks a commercially minded, ambitious individual. The role reports directly to the Board but the main purpose of the job is to provide high quality financial support. Key tasks will be to assess performance against competitors and identify issues, risks

The ideal candidate will be a strong team player with good leadership skills, combined with an ability to listen and a persuasive operating style. Exposure to senior exec/cross function decision makers is desirable. You should also be a qualified accountant and/or MBA.

and opportunities.

Contact Sarah Kynaston quoting Ref: SK7439.

MARKS & SAININ

EINANCIAL RECRUITMENT CONSULTANTS

ACKVILLE HOUSE, 40 PIECADILLY, LONDON WIN 9PA. TEL: 0171-434 4455 FAX: 0171-355 4501

### KEY FINANCIAL MANAGEMENT APPOINTMENTS

International Professional Services Firm

Our client is a leading global professional services organisation. Operating worldwide from offices based in over 20 countries, the firm has established itself as a sector leader and is now vigorously pursuing strategies to develop its growth and profile, ready for the challenges of the 21st Century. A critical element of this development is a continuing search for high calibre people to enhance the firm's management capability and there is a requirement to recruit the following key financial professionals.

#### **European Controller** c £60,000 + Benefits Flexible location

#### THE POSITION

 Running the financial management and accounting for the major European operations based in Germany, France, Benefux, Italy, Spain and the Czech Republic. Responsible to the Head of Global Finance for fiscal compliance and implementation of the Group's commercial policies throughout Europe.

#### QUALIFICATIONS

- Graduate, 'Big 6' ACA/CPA, with first rate technical financial control experience,
- preferably within an international, possibly US owned, environment.

  Aged early 30's, highly mobile, with the rounded, mature personality capable of dealing effectively within a complex corporate hierarchy. Ref 2191.

#### **Head of Treasury & Tax** £70-80,000 + Benefits Central London

#### THE POSITION

- Global responsibility for the direction of tax planning/strategy and treasury policy, reporting to the Chief Financial Officer.
- Setting corporate objectives and delivering the optimisation of the firm's increasingly positive cash position, whilst improving global tax efficiency and reducing reliance

#### QUALIFICATIONS

- Graduate, 'Big 6' ACA/CPA, with professional taxation experience, maturing into a commercial tax and treasury environment.
- A tax specialist, equipped with the personal and professional qualities to establish

#### **Treasury Controller** c £55,000 + Benefits Central London

#### THE POSITION

- Hands on, direct accountability for cash and liquid asset management on a global basis, reporting to the Head of Treasury & Tax.
- Development of awareness within the firm of the opportunities presented by
  efficient, creative treasury management and the delivery of a global focus on cash as

#### QUALIFICATIONS

- Graduate calibre: probably with an accounting qualification (possibly MBA), with
- corporate or banking experience and ACT membership.
   Focused project management and delivery skills, with the personal as well as

loterested candidates should write, enclosing full career and current salary details to the advising consultant, Jon Boyle, quoting the appropriate reference number, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE, Tel: 0171 292 8300,
Fax: 0171 287 5457, E-mail: jon@questorint.com



#### West of London The Organisation

Our client is a leading national accountancy practice with an established regional infrastructure of offices throughout the UK. The firm is recognised as a market leader in the provision of innovative and creative services, working in partnership towards its dients' success. The key to an outstanding record of growth and profitability has been to apply significant commercial expertise and entrepreneurial flair to the development of its own and its clients' businesses.

To support the firm's exciting growth plans, a unique opportunity has arisen for an ambitious and highly motivated individual to join the

£

Working alongside the Managing Partner, you will be controlling a quality portfolio of profitable owner-managed businesses and your success will be measured by your ability to obtain new business and to add value to existing dients. The portfolio requirements are such that

contact our retained consultant Simon Haynes on 0171 209 100 corriculum vitae, at PSS Financial Charlotte House 14 Wind WIP 20Y. Fax: 0171 209 0001 e-mail shofss.co.uk Ref; FT00





RECRUITMENT CONSULTANTS GROUP 2 London Wall Buildings, London Wall, London EC2M SPP Tel: 0171-583 3588 or 0171-588 3576

PROSPECTIVE PARTNE

Opportunity to assist in developing the internal audit function of a major bank

#### **DEPUTY HEAD OF INTERNAL AUDIT -GERMAN SPEAKING** ALPS

CITY OF LONDON

£45,000 - £55,000 + BONUS

#### MAJOR INTERNATIONAL GERMAN BANK

Our client has expanded rapidly in London, with plans for further growth and for the introduction of new products. This is e new position as Deputy to the Head of Internal Audit & Complienca, with the emphasis on the audit function, but also calls for the ability to provide cover on the range of compliance metters. The successful applicant will work closely with the Department Head in the preparation of the audit schedules and detailed plans and will supervise and participate in audits, prepare the reports and discuss the finding with management, as well es working on e range of ad hoc eudits end special investigations. We invite applications from candidates, either qualified accountants or Institute of Internal Auditors qualified, with 3-5 years' banking audit experience, a knowledge of Bank of England regulations and of treasury and securities trading products, SFA rules and preferably exposure to the German regulatory system. Some Head Office instructions and the eudit handbook ere written in German and an understanding of the language is required for easing the work flow end for internal communication. Applications in strict confidence under reference DHIA6167/FT to the Managing Director, CJA.

#### **Appointments** Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

**Courtney Anderson** 0171 873 4153

**Toby Finden-Crofts** 0171 873 4027

### Recently Qualified Internal Auditor

London Based c.£35,000 + Car + Benefits

With a growing client base and increasing product portfolio, this hugely successful UK service organisation can offer an ambitious, recently qualified accountant the perfect opportunity to move into the challenging and rewarding commercial sector.

This is a pivitol and wide ranging audit role that will provide a rare insight into all the Group's acovities. Reporting to senior management, you will evaluate business areas highlighting internal weaknesses and adding value in business systems and the management of risk. Additionally, you will support line managers with quality advice to aid them in maintaining high operational standards and financial control.

To succeed you will need excellent communication skills, an inquiring mind and strategic vision and be able to demonstrate considerable tact and discretion. Your flexible approach and professional attitude in this high profile role will lead to outstanding career opportunities within two

Please write, enclosing a full CV and contact telephone numbers to Patrick Donnelly, quoting reference FT/153.

PD Consultants

23 Duriston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

#### We are a Polish subsidiary of a major American Multinational Corporation, operating in the Automotive Components industry, manufacturing and selling original equipment to European automotive manufacturers. We are experiencing rapid growth and this success is expected to continue.

At present we are in a start up environment, simultaneously installing computerized MRP systems, payroll systems and then integrating these into a new Financial Accounting system. Due to this rapid growth, we are creating a new position of:

Reporting directly to the Plant Manager, he/she will be responsible for the Financial Accounting, budgetary control, cost occounting and copital expenditure control. He/she will have a staff authority for the Financial department and act as a financial advisor providing analysis and financial advice to management and participating in determining the strategic direction of the plant.

We are looking for an experienced candidate who has preferably had exposure to Polish and US GAAP reporting in a manufacturing environment. Fluency in English and Polish are

This position, located in Gdonsk, offers a significant opportunity for a smart and ambitious individual to rapidly make a major contribution to the development of our business.

Please send your application, CV and photo quoting current salary details to:

MAGALS FERRY EATON, BP215 67406, ILLKIRCH, CEDEX

FRANCE

### **Finance Director**

c.£45,000 + Bonus + Car

South Coast

High profile, board appointment in international engineering group. Drive financial input to proactive business management.

#### THE COMPANY

- ◆ UK subsidiary of European multinational, Turnover £10 million, embarking on major programme of expansion.
- Specialist manufacturer of power equipment. Also provides product support facility. Blue-chip customer portfolio.
- World leadarship in niche products, well established. Innovative commisment to further profitable growth.

#### THE POSITION

A BNB Resources pic company

- Report to MD. Member of close-losic executive Board. Advise on all financial macrers and manage personnel and administrative service organisation. Company secretarial responsibility.
- Crucial business input in enhancing competitive performance, development of KPI's and control of working capital.

Please send full cv, stating salary, ref LG70406, to NBS, 54 Jermyn Street, London SWIY 6LX Fax 0171 409 1786 Tel 0171 493 6392

Abardeen - Birmineham - Brismi - City - Edinbursh - Glassow

Leeds · London · Manchester · Slough · Madrid · Paris

QUALIFICATIONS

ISO 9002 Registered

Maximise finance and business systems performance.
 Participate in process reviews. Contribute to bidding, tendering and contract negotiation.

Qualified accountant. Background in manufacturing industry, probably engineering. Knowledge of working within an

Strong knowledge of contract costing. IT literate and familian

Team player, committed to continuous improvement and tocused on the bottom line. Commercially bissed negotiator with ability to persuada and influence internally and

probably engineering. Knowledge of working within an international organisation. Aerospace and defense familiarity

### Finance Director Designate

**Business-to-Business Services** 

c,£60,000 + Car + Benefits

Surrey

Key appointment in fast-growing subsidiary of major international conglomerate. Highly commercial brief with defined progression to the Board on impending retirement of existing Finance Director.

- High profile subsidiary of \$10bn surnover multinadonal. £400m turnkey business services company providing strategic consultancy through to service delivery. Diverse blue-chip client portfolio.
- Impressive growth record. Highly ambitious plans for increasing market share and further diversification. THE POSITION
- Drive improvement in financial and management reporting in support of fast-developing business structure and rapidly increasing revenue.
- Work proactively with Commercial Managers. Champion improvement in profitability and operational performance through greater application of business information.
- Key member of senior management team. Contribute to overall management and direction of the business. Report to existing Finance Director who will be retiring in 1998.
- QUALIFICATIONS Graduate qualified accountant with upwards of ten years' experience. Demonstrable experience of Improving commercial financial management in fast-growing environment and formulating and implementing business strategy.
- Technically excellent and commercially astute. Proective approach with a crack record of innovation and improvement in large organisations. Strong manager and

Confident with exceptional communication sidils and the ability to influence at all levels. Highly ambitious and capable of assuming Board appointment in short term.

Please send full cv, stating salary, ref LG70324, to NBS, 54 Jermyn Street, London SWIY 6LX Fax 0171 409 1786 Tel 0171 493 6392

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**GlaxoWellcome** 

- Have you the financial talent and professionalism to contribute significantly to a world class internal audit function?
- Are you a highly independent and self reliant individual?
- Do you take pride in your incisive analytical skills and keen sense of focus?
- Have you an exceptional ability to build positive relationships?
- # Can you convince others where you stand on major issues and matters of principle?
- Do you take control and make things happen to the highest standards of quality and exactness?
- Are you extremely adaptable, thriving on opportunities to experience new and different situations?

### GAIN A GLOBAL PERSPECTIVE WITH OUR INTERNATIONAL AUDIT TEAM

WEST LONDON BASE WORLDWIDE TRAVEL C. £45K + CAR & BENEFITS.

Glaxo Wellcome is one of the world's largest pharmaceutical companies, with sales of £8 billion annually and operations In 70 countries. Our leadership is based firmly on quality, innovation and a 'can-do' commitment to continuous improvement in every aspect of our business.

First established three years ago, put international audit team provides support to the group audit committee and expertise to our largely autonomous operating companies worldwide. Members of the team apply high level audit techniques to assess the adequacy and effectiveness of risk management processes and work closely with each management board to identify and secure necessary improvements.

As part of this highly regarded team, you will operate on a truly global basis across all divisions. and functions in many different cultures. This represents a superb career development . opportunity to gain a comprehensive understanding of the business, develop high level contacts and prepare for the next step in your career. Career development moves within the group have already been achieved by all members of the original audit team.

To be considered, you should be a graduate, ACA. qualified or equivalent, with three or more years' post qualification audit and/or operational experience, gained within the profession or a major blue chip concern. A strong commercial focus is essential and you must be capable both of adapting to different environments and of

influencing business thinking at senior levels. International exposure would be of great benefit, as would familianty with auditing IT systems.

All positions are based in Greenford in West London but will involve frequent overseas travel, with trips generally lasting two to three weeks. We will reward your commitment with proactive support in career and skills development along with an attractive salary and benefits package which includes a . company car and travel premium.

If you recognise this as the most challenging opportunity in International audit currently available, respond now by calling Jackie Hayden at Gallup Selection on 01932 828428 between 8.00am and 5.30pm, Monday - Friday. Closing date: 18 April 1997.

Reducing Business Risks Reeping Standards High ITERNATIONAL BUSINESS:

Surrey

One of the very few truly global UK companies, the BOC Group is a £4 billion business with interests that span the diversity of sectors, from gases to vacuum technology, transportation and healthcare. Active in more than 60 countries, the BOC Group covers all principal geographies of the world including Europe, the Americas, the North and South Pacific, the Indian Sub Continent and Africa.

Continuing a track record of positive career promotions and in antidpation of further growth, three opportunities for outstanding business professionals have been created within the BOC Group Internal Audit Team

Working in partnership with BOC management, your priority will be to recognise and reduce risk within the business. Members of this diverse global team will apply high level techniques to assess the adequacy and effectiveness of risk management processes, while at the same time identifying and ensuring positive business improvements. As the team adopts an account management approach, each manager will work with a business portfolio and be responsible for departmental administration

Please contact Louis Tomazou (quoting ref: FT0101) at FSS F 14 Windmill Street London W1P 2DY. Tel: 0171 209 1000 Fax: 07:5 209 0005 e-mail HOfss.co.uk

RISK CONSULTANTS re Competitive Salary Package v Benefits: THE WORLD BANK, the leading multilateral organization in global economic development, seeks qualified candidates for

#### PROJECT FINANCE SPECIALISTS IN INFRASTRUCTURE

Duties. Provide intellectual leadership/advice in:

(a) developing sustainabla sector and project financing mechanisms and strategies to support sector development objectives; (b) developing co-financing packages including export credits, commercial bank financing, and development assistance financing from bilateral/multilateral sources. c) promoting more active private sector participation in the inancing of sector needs.

Requirements. (a) MBA in Finance or advanced degree in Economics of equivalent, (b) minimum 6 years solid experience in project financing for the private sector development of infrastructure services, including an impressive track record of excellence and innovation in a private or public financial institution; (c) proven capacities in project management; (d) excellent communication skills.

These positions are based in Washington, DC, USA. The World Bank offers a competitive compensation package, net of taxes, including experience benefits. Please respond before April 25, 1997
and mail/fax CV to The World Bank,
Recruitment Unit, Job Code: INFR FIN.
Rm. MC-4-127, 1818 H St., NW.
World Washington, DC 20433, USA. Fax (202) 473-0901.



# UK Tax Manager

£55k - £65k plus Bonus & Benefits

The Tax Director is looking to complete his team through the appointment of an individual to manage the UK Tax Department and be responsible for all UK tax planning and compliance.

tax compliance up to date, introduce new software and controls and establish management information systems for corporate tax reporting and forecasting. On the strategic level, your input will be required with respect to the UK tax consequences of M&A activity and

international tax planning projects. You will need to have

very good tax technical skills and maintain an ongoing

In the short term, you will be expected to bring the UK

awareness of tax legislation and planning opportunities. This is a challenging role and you will need to be a graduate Chartered Accountant (preferably ATII) who has the UK tax expertise to make a creative and innostative contribution to the overall tax planning process. Other key criteria for selection will include the ability to work

on your own initiative, organise and prioritise projects

Our client is a UK quoted company with global operations. and make full use of information technology. Excellent interpersonal skills will also be required to convince scrior management of the merits of the changes you will be proposing.

> You should only apply if you are career-minded, ambitious and keen to make a real impact from day one. Our client will offer an excellent remuneration package, according to experience, plus bonus to the successful

To apply, please send your CV and covering letter to: Peter Watts, Consultant, Austin Knight UK Limited, Knightway House, 20 Soho Squarz, London WIA 1DS. Tel: 0171 439 5717. Fax: 0171 439 5744. Please quote reference Al416. E-mail: pwatts@austinknight.co.uk



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### International Finance Managers

Based Overseas

Jointly owned by Booker plc and Tate & Lyle, Booker Tate has over the last 50 years become the international leader for providing management and technical services to the sugar industry. We have operational experience worldwide with specific interests in Africa, the Caribbean. Asia Pacific and, more recently, Eastern Europe and Russia.

The demand for our services continues to grow and to capitalise on the opportunities this presents, we are looking to appoint a number of experienced professionals who would relish overseeing the financial management of one of our overseas projects.

Projects range from greenfield sites to well-established operations. You will have the full support of the head office in the UK but it will be up to you to ensure that from day one your operation's financial function runs smoothly meeting all of its objectives.

You will need to be a qualified accountant who has spent ren years in scnior management with sound overseas experience that, ideally, includes a spell in developing countries. Versatility, initiative and excellent man-management and organisational skills are essential and if you enjoy caking a hands-on approach, then one of these toles will prove especially rewarding. For some of these positions a second language, particularly Spanish, would be advantageous

There is scope for excellent career progression on an international basis as well as the possibility of further development in the UK.

In addition, we offer a competitive oveness benefits package which includes free accommodation, a company car, health insurance, pension (or germity), education assistance, relocation assistance and

To apply, please forward your full CV to Mrs B. Stoney, Personnel Officer, Booker Tate Services Limited, Masters Court, Church Road, Thame, Oxfordshire OX9 3FA. Fex. 01844 251020. (Alternatively, apply on-line http://www.montter.co.uk)

#### **Appointments** Advertising

appears in the UK edition every

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Thursday and in the International edition

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For information on

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Courtney Anderson

0171 873 4153

**Toby Finden-Crofts** 

0171 873 4027



#### **UK GROUP FINANCE DIRECTOR**

CENTRAL LONDON

person UK Holdings board.

CIRCA £90,000 + BENS

ClA Group plc was started in 1976 in the UK and is now the world's second largest independent media agency group with 28 wholly or partially owned offices in 16 countries and affiliates in more than 40 countries. Key group clients are Microsoft, Shell, Visa and Wrangler. Current UK billings are £521m.

Innovative thinking, a can do attitude, robust strategies and hard bargaining have been the trademarks of the company's approach to the media marketplace. Reporting to the UK group CEO, the position will form part of a four

The role will manage the day to day activities of a centralised finance department running all the finances of 12 companies. This position will provide successful candidate will possess proven leadership and strong team 2 proactive, business driven and commercially sound financial perspective to all

other members of the UK Group board. Specific responsibilities will include:

- Leadership, management and development of 50 staff
- Devising/enhancing cootrols and procedures to ensure that key financial information is always readily available to the Board
- Strategic business planning for existing and future businesses
- Client profitability analysis
- Involvement in commercial negotiations

Candidates will be qualified accountants aged between 33-40. The management skills. The ability to multi-task and prioritise effectively is 0171 379 3333. Fax: 0171 915 8714 (evenings/weekends 0171 720 1527).

the operating companies, working in partnership with each of 12 MDs and the essential. Personal qualities required will include determination, a positive approach to problem solving, close attention to detail while remaining aware of the higger picture, and the ability to work within and manage complexity. The ability to interact with individuals at all levels and a sense of humant are

> Going forward, the role will work closely with the UK Group CEO to develop the Group's billings either by corporate acquisition, organic growth or

> To discuss this position in greater detail contact Jon Vonk at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel

ROBERT WALTERS ASSOCIATES



### SENIOR FINANCE OPPORTUNITIES

Pre-eminent Kuwaiti based Conglomerate

The Alshaya Group is a unique Middle East institution by reason of its tenure, geographic spread and dedication to excellence in a number of industry sectors including retailing, real estate development and construction, hotel and hospitality services, building materials, advertising, automotive distributorship and the distributor of consumer products. Its business spans the growing markets of the Middle East and now has some 3000 employees. The retail division is the franchises for The Storehouse Group, Next, Liz Chairburne, Ousir, The Buston Group, Laura Ashley, River Island and Nine West in most territories throughout the Middle East. It also holds the franchise for Body Shop and is the exclusive distributor for Estee Lauder, Clinique and Aramis products in Kuwait. The Retail Group currently owns and operates more than 130 stores in the Guif region. The Alshaya Group has recently experienced tremendous growth which, combined with aggressive plans for the future, has created two opportunities for real career development in an attractive, may free environment.

#### **Group Financial Controller – Retail** c \$100,000 + Car + Substantial Bonus

THE POSITION

- Reporting to CFO and working closely with Chief Executive of Retail.
   Identify value added opportunities and deliver results accordingly.
   Feedback to the field operations, responsive, up-to-date and prompt frouncial and management reportunities.
- Introduce and integrate new upgraded systems and controls.

#### QUALIFICATIONS

- Qualified Accountant with retail or FMCG experience gained post qualification. Age indicator 35-45.

  Flexible with an open management style. Good communication and presentational skills.

  Able to take relevant and sensible initiatives based on best flocal practice.

#### Strong team motivation added to the ability to take strongic responsibility. Reference 2185.

#### **Group Internal Auditor** c \$85,000 + Car + Substantial Bonus

#### THE POSITION Reporting m MD with particular emphasis on the retail and finance division

- Direct tram of auditors based across all areas of operations.
- Ensure highest standards of controls to secure corporate assets.

  Provide expert advice for policy initiatives and decisions taken at the highest level.

  Ensure that vital marketing decisions are supported by financial and accounting integrity.

#### QUALIFICATIONS

- Qualified Accountant, aged 35-45, with significant post qualification experience of retail, finance, consumer durables, consumer electronics or pharmaceuticals preferred from a significant international environment.
- Strong communication and presentation skills. Team orientation.
  Strong minded and capable of robust, independent thought on all issues concerning corporate initiatives and procedures.
  A knowledge of Arabic would be an advantage. Reference 2186.

Both of these positions are based at the headquarters of The Alshaya Group in Kuwait City. The infrastructure is first class with sophisticated educational and medical facilities available. The environment provides a 'life style' in complement these exceptional career opportunities. Initial interviews in London are planned week commencing April 21st with Questor International and The Alahaya Group.

Interested candidates should write, enclosing full career and current salary details to the advising consultant, Richard Wilson, quoting the appropriate reference number, at Questor International Limited, 3 Burlington Gardens, London WIN 1LE, Tel: 0171 292 8300, Fast 0171 287 5457, E-mail: richard@questorint.com

M.H. Alshayer Co. W.L.L.





### **Head of Fund** Accounting

#### South East

Our client is a leading US bank with an expanding presence in the UK and Europe. Operating in the fields of Treasury, investment administration and custody services, this organisation has undergone considerable growth, both organically and by acquisition, and has developed an exciting and innovative European

To ensure continued high standards of client service, a key individual is now required to lead a committed team responsible for providing high quality investment accounting and pricing to a range of clients within the third party fund administration arm of the Group.

Responsible for all aspects of Client Accounting, the successful candidate will be a qualified accountant of graduate

#### **Excellent Package**

calibre with strong leadership skills and extensive management experience. The ability to contribute at a strategic level is essential, as is the ability to interact and present to senior

In return, an excellent salary and benefits package is offered together with opportunities for career progression throughout the Group.

If you are interested in joining a proactive senior management team and have the ability to contribute to an expanding business, please send your curriculum vitae, including your current remuneration details, in strictest confidence to Stephanie Warren, Michael Page City, Page House, 39-41 Parker Street, London

WC2B 5LH. Alternatively call her on 0171 269 2336 for further information-

Michael Page City

### **Financial Controller**

Surrey

c £40,000 + Car



One of Sweden's largest exporters, MoDo is an

international forestry products company producing and distributing paper, pulp and sawn timber to a global market. Turnover is £2 billion with 12,000 staff worldwide. MoDo Merchants in the UK specialises in the

distribution of paper to a range of customers from printers and designers to office superstores. It is the fourth largest paper merchant in the UK with a turnover of c£140 million and approximately

Reporting to the Finance Director with a team of 11 staff, the Financial Controller will potentially have the highest profile role outside

This is a key role in the organisation with full responsibility for financial

control, with particular emphasis on cash and credit management. Other areas of responsibility include control of payroll. intercompany dealings and reporting, general ledger control and analysis.

Applicants will be qualified accountants with strong cash and credit management exposure, ideally gained within a high volume transaction business. Successful candidates are likely to be aged between 30-45, PC literate and strong team players with a 'hands on' approach.

Applicants should forward a comprehensive CV, quoting reference 343226, including a daytime telephone number and details of present remuneration to Lee Penycate at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Michael Page Finance

ingham Reading St Albans & Worldwide

### **Threadneedle** Planning and Business Development £ Excellent + Bens City

Threadnesile Asset Management is a global investment house and a subsidiary of BAT Industries Pic, one of the world's premier business enterprises. With some £31 billion funds already under management, Threadneedle has further ambitious expansion plans in the retail, institutional and international markets. As a consequence, a new position has arisen for an exceptional individual to be the Planning and Business Development Accountant.

The role is central to future strategic growth and the successful candidate will require drive and initiative, together with an ability to apply their accountancy skills in a dynamic commercial environment.

Working as part of a core team, the Accountant will be responsible for developing business plans for new ventures on an international basis and for financial reporting and analysis across the global operations. Candidates must be confident and flexible with an ability to think on their feet and a willingness to travel. They must be problem seeking and solving, have strong communication and presentation skills and experience of working in a ream oriented environment

Candidates will be qualified accountants (ACA preferred) with a minimum of 4 years post qualified experience and ideally previous corporate finance/business planning exposure from industry or practice. Interested candidates should forward their curriculum virae in Sarah Hunt. Page House, 39-41 Parker Street, London

WC2B 5LH. Alternatively fax her on 0171 405 9649.

Michael Page City

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Toby Finden-Crofts on +44 0171 873 0427

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Media and communication businesses are revolutionising the way we work and play.

Join the revolution.

### Senior Tax Professional

To £100.000 London

A high level tax consulting role...

has always an attractive position, particularly when offered by an immensely successful, international business which is a real leader in its field. And when the field it operates in happens to be one of the most interesting, forward looking and leading edge business arena, in the world, you do not have a berter opportunity to develop a truly international, commercial career, A career which can extend far beyond any former boundaries.

#### Technology, media, entertainment enter tax stage left

Traditionally separate business sectors are combining forces to create global media/communication enterprises that can create the products of the future. This is resulting in developments which will fundamentally change the way we all work and play. Such a paradigmatic shift requires flexible and ever changing international corporate structures. Inherent in these is the real need for cutting edge tax advice.

#### Tax as the starring role

This role will combine managing a communication enterprise's tax affairs globally, with one off, high level assignments. Such assignments will typically be centred on corporate acquisitions, mergers and international restructurings. Above all else the role will involve developing and applying the most advanced tax techniques to some of the most complex business situations in the world

London SE1

Acxiom is an international information

for Fortune and FT 500 companies.

management company that provides a wide

spectrum of data products, database management

services, data warehousing and decision support

A leader and pioneer in the US and UK markets,

international revenue will exceed \$400 million

this year with the UK contributing in excess of

Reporting to the UK MD, this role focuses on

facilitating the flow of information and advising

role will take responsibility for the control and

administration and compliance (including

line management in business decision making. The

growth phase in existing and new markets.

development of accounting, financial

US GAAPI. Supervising a dedicated

£17 million. The business is poised for a dynamic

How to get the part

Whether already a specialist in entertainment, media or communications or a more generalist corporate tax specialist, you will have a track record of providing top quality consultancy tax advice to international businesses. Qualified as an ACA, lawyer or with the Revenue, you will have strong UK tax experience and good international cross border exposure. An understanding of US tax and European language skills would be helpful. Of equal importance to the above will be your ability to inspire confidence - by the combination of a strong personality, presence and interpersonal skills.

#### And the show will go on

This is a business area which promises rapid and sustained growth well into the next century: For the right person coming on board now, there is a real opportunity to get to the very top of your profession. How many tax jobs can offer you that?

For further information and a confidential discussion. contact our advising consultants, Gavin Burgess on 0171 939 3446 or David Hunter on 0171 939 3661. Alternatively, you can write to them, quoting reference F/1780/FT at the address below:

Executive Search & Selection Price Waterhouse Management Consulting Ltd 32 London Bridge Street London SE1 9SY. Fax: 0171 378 0637.

E-mail: Gavin\_Burgess Europe.notes.pw.com

c £40,000 + Car + Bonus + Bens

The successful candidate will combine their

intellect and communication skills to inspire

colleagues and make a direct and substantial

contribution to the generation of profits. We

require a qualified accountant who will embrace

the service culture and thrive in this competitive

and rapidly evolving market. An energetic and

enthusiastic approach will be given priority over

Interested applicants should apply in writing to

39-41 Parker Street, London

him on 0171 269 2259.

Guy Stacey at Michael Page Finance. Page House,

WC2B 5LH. Alternatively telephone

key decision maker on the UK board.

previous directorial experience.

team split between two office locations, the role

represents an exciting management challenge as a

Michael Page Finance

Specialists in Financial Recruitment London Bristol Birmingham Edinburgh Glasgow Leatherbead Leeds about Manchester Milton Keynes Nottingham Rending St Albans & Worldwide

### Career Opportunities in **Public Sector Audit**

Our client is a public authority in the United Arab Emirates conducting financial audits of government departments and government related organisations. The Authority is seaking to recruit qualified Arabic speaking accountants in the following positions:

- Audit Manager
- Senior Auditor
- Assistant Audit Manager
   Auditors

The ideal candidates will possess the following qualities:

- keen analytical skills;
- ability to identify issues end recommend solutions:
- developed ewareness for detail:
- ebility to prepare clear and concise reports:
- make effective oral presentations;
- plan and conduct audits cognisant of audit risks with due professional care;
- able to work as e team member to achieve tight deadlines; and knowledge of personal computer skills.

Candidates for the menagerial and senior auditor positions must be CA, CPA or CIA qualified Leadership and human resource management qualities are considered essential for these positions. The likely age of suitable candidates will be 30 to 45 years. Candidates for the menegerial positions should have seven to ten years experience, five of which should be in a similar management position. Senior auditors should have a minimum of three years post qualification experience.

Candidetes for the remaining euditor positions should possess an accounting degree with at least three years experience. The likely age of suitable candidates will be

Fluency in Arabic and English is a necessity and Middle East experience in public sector auditing is an added advantage.

The remuneration packages offered will be commensurate with the successful candidates' experience and quelifications. The packages will be market competitive for the Middle East. Expatriate benefits including accommodation, leave fares, education allowances end generous annual leave are also offered

Only candidates who meet the above prerequisites should apply. Please address your current CV with your photo and remuneration expectations before 24 April 1997 to the Director of Human Resources, Ernst & Young. PO Box 136, Abu Dhabi, United Arab Emirates or by fax on 00 9712 722968. Only shortlisted candidates will be contacted.

**II ERNST & YOUNG** 

#### Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the international edition every Friday. For further information please call: Toby Finden-Crofts on +44 0171 873 4027

### **Divisional Finance Director UK Finance Director**

#### North West

Renold PLC is an international engineering group, producing a wide range of high quality engineering products and owning manufacturing and merchanting operations in 16 countries.

The gears division comprises 11 business units based mainly in the UK, North America and South Africa, specialising in the design and manufacture of gears and other power transmission products. With a combined turnover of £80 million, they are committed to continuous performance improvement and profitable growth.

Working closely with the Divisional Managing

- Director, the appointed candidate will Contribute to the division's plans and strategies
- and monitor performance.
- Ensure highest standards of management information, reporting and financial control
- Provide financial analysis of divisional projects, including acquisitions.
- c £50.000 + Car + Bonus

· Develop the financial management resource within the business units.

The candidate will probably be aged 35+, a computer literate graduate qualified accountant, who has had significant exposure to a complex manufacturing environment, preferably with a major international

The candidate will have strong technical knowledge and first class communication skills, highly developed commercial acumen and the drive and presence to influence key issues.

This is a senior appointment with an international group and is expected to offer significant long term potential in financial or operational management.

Interested candidates should send their curriculum vitae to Dean Ball at Michael Page Finance,

Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 327312.



#### Manager c £50,000 + Car + Excellent Benefits

Group

Reporting

accountant with proven analytical skills. An innovative

and commercially minded manager, you will also have excellent interpersonal and presentation skills, with the confidence to challenge and influence at the highest

This is an outstanding opportunity with the potential to

bave a significant impact and develop your career in a

#### Central London

The successful candidate will be qualified ACA or Enterprise Oil is one of the world's leading independent oil exploration and production companies. The group has an international portfolio of assets in 15 countries, including substantial businesses in the UK. Norway, Italy and the US ACMA with a minimum of five years' post qualification experience and a track record of achievement in challenging roles spanning commercial and technical aspects of finance, although not necessarily within the oil and gas sector. You will be a strong technical and a market capitalisation of over £3 billion. Its success

Due to continued growth. Enterprise wishes to appoint a high calibre commercial accountant to join the senior finance team. Reporting to the Group Financial Controller, you will manage a small but high profile head office team responsible for:

since formation in 1985 has been built on a commitment

to quality, encouraging creativity and nurturing an

environment which attracts outstanding professionals

- Group financial reporting lunder UK and US principles), including advice to business areas on
- accounting issues. Preparation of regular Board reports with objective
- system and key performance m
- analysis of group performance.

Development of the business reporting

interested candidates should send their CV in the first instance to Malcolm Kelly, quoting reference 343876 at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance Specialists in Financial Recruitment Birmingbarn Edinburgh Glangow Les

### **Financial Controller**

Michael Page Finance

New Life and Pensions Venture

US\$50,000 tax free + Full Expat package + Bonus

Our client, a prestigious Middle-Eastern financial institution, is launching a new life assurance company to service the national markets within the region. A team is currently being put in place to establish and develop the new business which plans rapid growth.

Bahrain

They now seek to recruit a dynamic, commercial individual for the role of Figancial Controller. This will be a key position as the main financial adviser to the business and will report to the Managing

The Financial Controller will be involved in setting up the finance function in conjunction with other members of the senior management team, developing the necessary management information systems and procedures as well as recommending accounting and financial policies and practices for the company.

The successful candidate will have five to ten years relevant experience in life and pensions with in-depth life accounting knowledge, preferably coupled with international exposure and knowledge of international accounting standards. They will be a qualified accountant/MBA or equivalent, with a

If you are a committed and motivated individual with strong management experience, a business minded approach and the ability to contribute at all levels in the corporate decision making process, please send your CV to Sarah Huot. Page House, 39-41 Parker Street, London WC2B 5LH. Alternatively, details can be faxed on 0171 405 9649.

professional accounting/finance qualification.

Bahrain is a highly modernised country with a high quality of life particularly suited to families. This is a permanent position offering an attractive tax free salary, housing, schooling and other benefits such as annual leave air fares.

Michael Page City

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#### FINANCIAL TIMES SURVEY

### INVESTING IN CENTRAL AND EASTERN

The sums may still be relatively small, but the pace of investment in the region is speeding up as countries and companies acknowledge the tough rules of the global economy, says Anthony Robinson

# The flywheel gains momentum

The investment flywheel, painfully slow to start in the progress remains patchy first confusing years after the collapse of communism. is gathering momentum. As privatisation and market reforms take root, more countries and companies are and the rest. gaining international credit ratings and acknowledging the tough rules of the global economy

The World Bank, in its lat-Finance report, notes that Europe and Central Asia saw a \$5bn increase in capital of its own - a giant country inflows last year "thanks of 150m people and a \$440bn largely to portfolio equity investments in stock markets, notably in the Czech Republic, Poland and Rus-

Tracking investment, or anything else in the vast and the Latin American country varied area that constituted the Soviet empire only seven flow of \$22.3hn, 10 times years ago, is an inexact sci- greater. ence. But the European Bank for Reconstruction and Development (EBRD) has identified direct foreign to budge last year, despite investment of \$41.9bn in the region as a whole since 1989 ments which cut both inflaand the last 18 months have tion and the yield on Russeen the hig turnaround in sian government bonds. private investor sentiment identified by the World

Three points have to be made. The first is that the sums are still small by comparison with the investment flows into Asia and Latin America.

The second is that the process of re-integrating the former Soviet Union into the world economy bas hardly

This area, including oil. gas and mineral rich central absorb huge amounts of capital once the conditions are created for funds to be safely and profitably invested.

The third point is that with a growing gap between those Baltic and central European states which have gained or aspire to investment grade credit ratings.

"There are two classes of country. Those who are getting on with lt, and those who aren't." says Ron Freeman, outgoing vice-president est Global Development and bead of financial operations at the EBRD.

Russia remains in a class economy which, as Deutsche Morgan Grenfell recently pointed out, attracted less foreign direct investment last year than Peru - \$2.2hn for Russia versus \$2.9bn for - and suffered a capital out-

Low investment helps to explain why the Russian economy stubbornly refused macro-economic improve-The challenge facing Mr

Anatoly Chubais and Russia's new reformist government is to reverse the haemorrhage of capital from a country which registered a \$12.8bn current account surplus last year yet stacked up a \$4.1bn increase in external deht coupled with a \$3.2bn drop in reserves. The capital outflow, which

grew to a flood before the presidential elections which took place in July last year. appears to have reversed Asia, has the potential to since then. Repatriated funds, albeit under a foreign. cloak, could well become the largest single source of finance for Russia's future

economic recovery. However, this depends largely on whether the government succeeds in implementing a Russian version of the stabilisation programme which formed the

basis for Poland's economic and financial resurgence seven years ago. The Russian experience highlights a general principle - that countries which are unable to satisfy the legal, tax and overall investment needs of their own citizens are unlikely to get for-

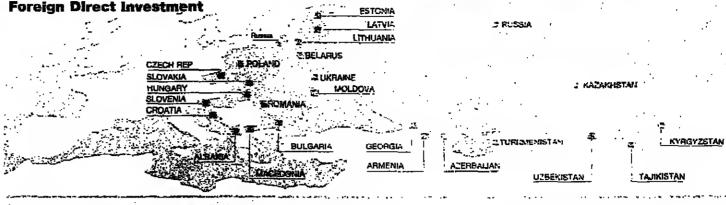
eign investors to take their

Throughout the former Soviet bloc, the first seven years of transition towards a market system have revealed the deeper damage that was caused by decades of irrational economics totalitarian politics and absence of law.

The emerging markets of the former Soviet Union are qualitatively different from those in Asia and Latin America which always had markets and the supporting institutions, even if undeveloped and poor.

The former Soviet states now recovering from decades of destructive and demoralising social engineering and extreme militarisation face greater problems in changing mindsets and building institutions even though they start from a much higher level of industrialisation, literacy and educational standards than most "ordinary" developing coun-

This awareness is reflected in the changing approach of the institutions most closely concerned with the area. The EBRD, set up specifically to foster the development of market-based democracies in



Real GDP

Foreign	1994	· 1995 (revised)	1996		1982-96 (per ca	1996	Ratio FC to GDP (1995)
Albente	53	. 70	95	295	92	30	3.5%
Bulgaria	105	98	150	450	54	18	0.8%
Croatio	96	81	300	584	118	. 63	0.5%
Czech Rep.	750	2,525	1,200	6,608	642	117	\$6%
Entonia	214	204	70	707	459	45	5.8%
Hungary	1,146	4,453	1,900	13,266	1,288	184	10.2%
Latvla	-155	168	171	585	234 .	68	3.6%
Lithuenia	60	- 55	80	308	. 83	21	0.8%
Macedonia	24	14	D.E.	, 38.	18	na.	0,3%
Poland	542	1,134	2,300	4,957	128	. 60	0.9%
Romanta	341	367	555	1,434	. 83	24	1.0%
Slovakia .	181	. 180	150	767	144	28	1,1%
Slovenia	128	178	160	791	366	. 80	1.0%

for Asian Tiger growth and

investment opportunities in

the new emerging markets

between the River Oder and

The opportunities are still

there, but the focus is now

on redressing the institu-

tional, legal and sttitudinal

obstacles to realising the full

potential of the 26 very dif-

ferent countries in which the

"Most countries in the

region have dysfunctional

market economies and

they'll stagnate unless they

standards to the point at

which they can operate in

global markets," warns Guy

de Selliers, deputy vice-presi-

"The rebabilitation and

restructuring of the banking

system and the creation of

sound foundations for fledg-

ling financial markets are

dent of the EBRD.

the Pacific Ocean.

hank operates.

Index 1989=100 1996 & 1997 Boures are pro-

enforcement needs to be

fully accepted if criminality

another key requirement.

investment.

The Commonwealth of Independent States (CIS) 0.7% 275 531 123 80 15.7% 930 Kazakhstan 723 61 :6 1,000 1,500 1,600 13 59 266 440 1.167 0.8% Ukrain: 91 120 55 2,029 2,559 0,873 11,231

date," says Salvatore Zeccould well determine how chini, director of the OECD's much investment flows into centre for co-operation with the region and who gets it.

the economies in transition. The investment needed to The proper regulation of repair the ecological and banks and markets is uow other ravages of the old sysconsidered as important a tem and permit the former task as setting them up in Soviet states to re-integrate into the world economy is the first place. Privatisation must not only be speeded up virtually infinite. but must also take place in a transparent fashion.

The World Bank has identified \$60bn of essential The concept of legally infrastructure investments hinding contracts and their which will need funding over the next five years alone. Some of this capital is to be kept at bay. Basic will come from foreign push through with reforms capitalist institutions such sources but much will have to come from domestic which improve husiness as pension funds and insurance companies need to be sources.

Even in central Europe, established to ensure that domestic savings can be where progress has been channelled into productive much faster than further east, local markets still lack For Russia, and other forthe depth and liquidity for mer Soviet states, a functionlarge scale capital raising due to the absence of a broad ing modern tax system, is base of local institutional These are just some of the investors with an appetite adds.

the region, once used to the two major gaps or flaws key issues that are now for long-term assets such as highlight the opportunities in the transition strategy to being faced. Their resolution pension funds, insurance companies and mutual

> Domestic banks are often without capital and the expertise to structure complex financing packages generally required for infrastructure and other projects. "Banks in the region are

getting better, but they are still lending short-term. because most of their deposits are sight deposits." says Mr Freeman. "The need is to develop

the insurance and pension fund industries to generate longer-term finance and then get governments, the main competitors for funds, to cut their demand for credit," he

The thing to watch in this part of the world is the speed with which the proportion of government bonds raised falls and the rate of corporate lending rises," he

#### IN THIS SURVEY

Central Europe overview The EBRD Page 2

The international financia The OECD, The EIB, The Washington-based development agencies

Regional overviews: Russia. The Baltic countries. The Balkans Ukraine and Belarus Page 5

Credit ratings Page 5 Polish pension reform, The view from Frankfurt. Equity markets

Energy and Infrastructure: Oil and gas. Energy.

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### Instability proves no deterrent

Investors need faith, wealth and a taste for risk but the potential is enormous

Foreign direct investment bas been concentrated on the Czech Republic, Hungary and Poland until now. But low interest rates and fully valued assets in traditional markets, and the enormous potential for growth in the more undervalued and obscure transition economies, are luring fund managers and institutional investors deeper into the region, even to the more risky and

Wealthy individuals willing to take risks for potentially high returns are also being drawn to the region. The Institute of International Finance estimates that \$14.6bn of net equity investment has flowed into the region since 1992, of which \$10.7bn was direct equity investment and \$3.96bn portfolio equity investment. Mr Geoffrey Hoguet, president of Creditanstalt International Advisers, which apecialises in this sector, says that its New York office alone raised \$750m from wealthy investors in the past 18 months for private equity invest-

Professional investor interest in high risk punts was in Group of a \$100m Balkan

THE EBRD • by Anthony Robinson

Launch	tseuer		Amount	Coupon	Booknamer	
June 27 1995 April 25 1996 April 30 1996 June 12 1996 July 22 1996 November 21 1996 December 5 1996 February a 1997	Korneroni BV (in Bank Handlowy National Bank of Slovenia, Republic The Russian Fed	Czech Rep.) W Warszesse SA Romania Ilc of Stovenia Jeration Ke Vystavbe SP	250 100 225	7.750 7.125 7.000 9.750 7.000 9.250 7.280 6.250	JP Morgan Securities CS First Boston JP Morgan Securities Memil Lynch International JP Morgan Securities JP Morgan Securities, SBC Wa JP Morgan Securities UBS, Memil Lynch International	

were showing pictures of Albanians firing Kalasbnikovs into the air and looting on a beroic scale.

Foreign direct investment, while still small relative to inveatment in the Asian Tigers and Latin America, remains the region's biggest source of foreign capital.

The European Bank for Reconstruction and Development estimates that \$30.7bn flowed into central Europe over the past seven years. A further \$11.23bn went to the former Soviet states, of which half went to Russia and a quarter to Kazakhstan.

The pioneers in direct investment were multinationals such as Fiat, Volkswagen and ABB and consumer companies sncb as Coca-Cola - which were quick to fill the enforced gaps in their global production and marketing arrangeproximity to western mar-

Italian companies. In the German case the

rapid growth of private mittelstand investment has led to a growing German bank presence, especially in Poland. Elsewhere in the region Dutch, Austrian and US banks have been building up operations. The need to prepare for competition in the banking sector in the run-up to EU enlargement is increasing pressure on domestic banks in central Europe to raise the quality of their services.

The pace of financial investment has been closely linked to the privatisation of state-owned assets. The best year was 1995, when \$4.5bn in privatisation receipts for Hungary and the sale of a 27 per stake in SPT, the Czech telecom company, swelled the capital inflow to more than \$9.5bn. Last year the ments. But central Europe's inflow fell to \$7.13bn but a new round of privatisation kets and relatively high in Poland, where the sale of

screens around the world cially private German and fail to register investments of less than \$1m and underestimate the flow of funds and equipment to the region. Bond markets are becom-

ing an increasingly important source of finance. Croatia, the Czecb Republic, Hungary, Latvia, Poland, Slovenia and Slovakia have won investment grade ratings from the international agencies. Others are clamouring for a rating, even though the outcome will be well below investment grade in most cases

Russia has issued dollar and D-mark sovereign loans and markets are braced for a torrent of municipal and corporate borrowers during the year. Ukraine, Kazakhstan and other formar Soviet states with big natural resources but depleted treasuries are expected to follow later this year.

The successful rescheduling of \$70hn of former Soviet debt last year paved the way for Russia'a first \$1bn sover-

depositary receipt (ADR) issue. Two other ADR issues are expected this year from Gazprom and other energy and resource companies are expected to tap the markets with these foreign-traded share substitutes.

its debut on the German market last month with a DM1.5bn issue managed by Credit Suisse First Boston and Deutsche Morgan Grenfell concerns about the trend of US interest rates kept some potential investors on the sidelines in spite of a last minute hike in the coupon. Raising capitai abroad may be getting more expensive, but it is still cheaper than what is available domestically, and for a longer term. Russian entities plan to raise another \$2bn

Much depends on politics. something undarlined most clearly when President Boris Yeltsin's purge in early March brongbt back a reinforced team of economic "liberals" and reassured investors that market-ori-

By the time Russia made economic stability would be pursued with greater vigour.

> in the Russian system also reminded investors of tha impredictable nature of the biggest - and potentially richest - of the former communist states. Faith, a long purse and a taste for risk are still required attributes for portfolio investors attracted by apparently under-valued

Russian assets, Meanwhile, the bureaucratic and legal problems faced by the few hands-on investors" such as AssiDoman, the Swedish paper company which is managing Segezhabumprom, Russia's biggest paper bag maker, help to explain why fewer than 100 of Russia's 15,000 privatised companies

ing personal nature of power

have put together joint ventures with foreigners - and why Russia is still a country But evidence of the continn-

inward investment.

of capital flight rather than

Until now domestic equity markets have been small and speculative. But some are starting to function as useful providers of equity capital to enterprises. But again success is closely linked to the transparency and efficiency of individual stock markets and their reg-

ulatory regimes. The main central European stock markets have been strong performers for most of the past 18 months, fuelled by foreign investors and funds seeking higher returns from emerging markets, Baring Eastern European Fund, with \$127m to invest, estimates that funds

now have between \$5bn and \$6bn invested in central and

Warsaw has emerged as the most transparent stock market in the region, and is becoming a regional financial centre, with ING group and Citibank building headquarters in the city. Market capitalisation doubled last year to \$8bn and quoted shares on the WSE main market put on another \$2bn in the first three months of

ued to pile in. Last year Polish companies raised about 1.1hn zlotys (\$400m) through capital increases and other public offerings. This is expected to rise sharply this year, when 25 companies will be adde

evidence at the recent skills for low wages have "crown jewel" banks and eign eurodollar issue. Gazprom followed with its debut launch by Regent Pacific attracted thousands of companiea ls under way, smaller and medium-sized should boost the figures this on international security fund - while television European companies, espe- year. Official figures often markets, a \$430m American ented policies and macro-

# Change of pilots ahead

Now a profitable and influential institution, the bank is about to change bosses

"No-one would judge the performance of a jet aircraft by its speed and beight on take-off," protested Mr Jacques Attali just before be was removed as founding president of the European Bank for Reconstruction and Development four years ago. Today, six years after its creation, the bank designed to aid the transition from central planning to the market economy has reached its cruising speed, but is once again about to change pilots.

The bank, which received a vote of confidence in the form of a \$10bn capital increase last year, has committed more than Ecu8bn to projects in the region since 1991 with a further Ecu2bn approved. Last year its net

cent to Ecul.16bn and some projects worth Ecu2.83bn were added to in 1995 while expens in 26 countries of operation

nres indicate. It was never designed to compete with the investment banks and facilitate and participate in deals which were "additional" or pioneering, while applying "sound banking principles" to their execution. It has also become over the years an increasingly authoritative repository of specialised knowledge about the region and the problems thrown up by the transition

Last year operating profit rose to \$97m of which \$92m were set aside as provision for possible losses on the more risky deals. For the

compared with 36 per cent make a total of 518 projects kept at 1993 levels, 10 per cent below the 1996 budget.

Although the 15 EU coun-The impact of the bank is tries collectively hold a 57 greater than the bald fig- per cent stake in the bank, largest single sharebolder and insisted from the ontset private sector financial that it should concentrate institutions. Its job was to on assisting the private sec- request from the EU's Ecofin the bank sited the new institution in London but agreed that a Frenchman would hold the presidency and an American tha top investment banking role. Mr Ron Freeman, a former Salomon Brothers banker, was appointed vice-president in charge of this area.

In 1993 the investment and development banking operations were merged. Mr Freeman chairs the regular Friday operations committee meetings which decides the time, banking fate of all projects and keeps

disbursements rose 18 per operations accounted for bim in close operational nearly half total income contact with continuing and projected deals.

Mr Freeman is about to be replaced by another American banker, name unknown at the time of writing, while the mandate of Mr Jacques de Larosière, the former the US government is the president of the IMF who replaced Mr Attalt in 1993. expires in September, although he is pondering a ters to stay on for another

The bank in its current shape has 67 per cent of its deals in the private sector. and Mr Freeman, in an interview before the AGM, argued that one of the main functions of the bank had been to initiate new borrowers into the arcane arts of borrowing and paying back and the other rules of the capitalist game. "We are like a military academy, a sort of financial boot-camp. If you graduate as a borrower from the EBRD it shows you have learnt the drill. After that you can go to any body - commercial banks, insurance companies, funds and go for floatingrate, fixed-rate, whatever, he says. "Borrowers sometimes complain that it was easier to get money from Merrill or JP Morgan than it was from us. I smile and say "that's great", it means we've been doing our job," be

"Our game plan has been to accelerate the education process, insisting on good corporate governance, international accounting standards and the fulfilment of contractual obligations. If yon do all the things you bave to do, you get the money. If not, you don't." The learning curve has

been steep, but rapid. "Seven years ago there were no maps and phone books now they throw mobile phone, home and fax numbers at you, everyone is wired. Information that is now available by the truck-load," he says, throwing over a Gazprom loan prospectus two inches thick.

There have been set-backs. Albania for example, made extraordinary progress from a virtually zero starting point until the wheels came off three mouths ago. "We were doing fine in Albania until pyramid schemes were permitted to advertise on TV and proceeded to steal the savings of innocents." he says.

As a parting shot, Mr Freeman suggests that the European Investment Bank should play a bigger role in financing the heavy lufrastructure projects which lie ahead as BU enlargement becomes a reality. "The cheduled its foreign debt in EIB ... bas the longer-term funds needed for infrastructure investment. Many of its doubled every year. senior people have worked at the EBRD and we would welcome a closer relation-



CENTRAL EUROPE • by Anthony Robinson

about the selection of candidates for early membership

The name of the game for central Europe over the next few years is European Union enlargement. The Czech Republic, Hungary and Poland, already members of the OECD, are expected to be in the first round of new entrants around the turn of

the century. Many investment decisions will hinge on the timing and conditions attached to entry. Aspirant members hope the run-up will spark off the kind of inward investment boom which southern European entrants such as Spain and Portugal enjoyed

before their entry.
The view ahead is still clondy, bowever. This is largely because the timing and modalities of entry are all hostage to fortune in the sbspe of the Inter-Governmental Conference.

Until existing mamber governments finish their own review of the Maastrichl treaty and decide on crucial new voting rules and budgetary policies they cannot focus on enlargement. the next big task ahead. If European Mooetary Union, which is due to start in 1999 were postponed there could be slippage in the start of EU

enlargement negotiations. Views are mixed on which countries should be included in the first round of negotiations - or whether the EU sbonld start negotiations with all 10 - the Czecb Republic, Poland, Hungary, Slovenia, the Baltic states, Slovakia, Bulgaria and Romania - at the same time. as France has proposed.

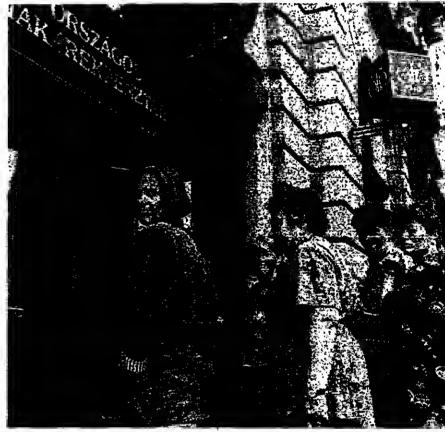
Slovenia, small and relatively ricb, is well placed. Slovakia lags because of the idosyncratic political style of Mr Vladimir Meciar, the prime minister. The Baltic states, with Bulgaria and would put you in Lubyanka Romania, have a strong political claim. But the EU has never taken in more than three countries at a

> The fear of the front runners is that a "family photograph" start to negotiations could slow down the entry of the fleetest of foot without advancing the cause of the

Each country has to be considered on its merits, and there are considerable differences even among the three froot runners in spite of the superficial similarity of the policies pursued by all the transition economies.

Poland, for example, has been slow to privatise and was treated warily by foreign investors until it res-1994. Since then foreign investment bas virtually attracted by low production and investor comfort. costs and a 39m strong mar-

attractive assets, including banks, power utilities and The early dearth of foreign



A Budapest bank queue: Hungary, already a member of the OECD, is likely to be in the first round of

investment was compensated for by an outburst of private enterprise which rapidly ied to the creation of more than 2m private companies and provided much of the impetus behind the past in March 1995 to stave off a three years of 5 per cent to 7 looming domestic and forper cent annual growth.

Some of these companies are now medium-sized enterprises quoted on the Warsaw stock exchange, which has carved out a reputation as the most transparent and efficient in the region. Polish banks - after a

shaky start with the spectacular Art-B bank scandal in 1992 - have run fast to keep up with growing competition from foreign banks and the increasingly sophisticated demands of the most entrepreneurial private business customers in the region. The slow pace of privatisa-

tion means that Poland. unlike Hungary or the Czech Republic, still has most of its 'crown jewels" to privatise. That process is about to take off this year, when the government proposes to privatlse significant stakes in Bank Handlowy, Polska Miedz, the copper miner and refiner, LOT, the state airline, and start a longdelayed privatisation of utilities by offering a stake in Polska Telecom. Other assets worth several billion dollars are on the block, or will be soon.

Hungary, with only 10m people, bas attracted more foreign investment than anywhere else in the region because it was seen as the country with the greatest financial sophistication and, above all, offered the greatest degree of legal protection

The bulk of its most the scene for a solidly based

telecoms, have already been recovery in output, incomes sold off, mostly in the past and consumption which two years, when cash privapromises sustainable 5 per tisation was a central elecent to 6 per cent annual ment in a heroic re-adjustment process embarked on

The World Bank, which recently approved a \$225m enterprise and financial sector adjustment loan to finalise enterprise and banking sector reforms, noted that the socialist government's drastic action had reduced government expenditure by 10 per cent of gross domestic product and cut the budget deficit to 4 per cent, excluding privatisation revenues.

A combination of dabt reduction and higher export revenues cut Hungary's ratio of external debt to exports from 260 per cent at the end of 1994 to 160 per cent by the

end of last year. Transformed debt ratios have turned a vicious circle into a virtuous one, enabling Mr Gyorgy Suranyi, Hungary's central bank governor, to refinance the foreign loan portfolio and borrow domestically at cheaper rates.

The price of the shift of resources from private and social consumption to export and debt repayment was a 15 per cent fall in real incomes and much unhappiness. Further reform of the social security and pension system lies ahead. But competitivity has been transformed, productivity has risen dramatically and the \$15bn of foreign up in greatly improved telephone, banking and other and Poland than in the services and new export-ori-

entated plants. The political bravery of the socialist government led by Mr Gyula Horn has set

It is a very different picture in the Czech Republic where, with the benefit of hindsight, it is possible to identify deep flaws in the mass privatisation by coupon programme and the consequences of the prime minister's reluctance to recognise the importance of well-regulated and transpar ent financial markets.

The problems are being belatedly addressed following a series of worrying bank failures and investment fund scandals. These revealed the dangers of the often incestuous relationship between banks, investment funds and the enterprises controlled by them, indebted to them, or both.

The slow pace of restructuring in much of beavily indebted Czech industry. coupled with rising labour and other costs, has lead to a downgrading of overall GDP growth expectations to about

4.5 per cent this year. Another Indicator declining Czech competitivity is to be found in the rapidly growing trade deficit. Rising deficits are a fact of life in most of the transition economies, with tha signal exception of Russia, with its

big energy exports. They are easily financesble by current levels of capital inflows. But the argument that higher imports investment is now showing reflect rising investment is more convincing in Hungary

Czech Republic Prague bas avoided the "shock therapy" approach of its neighbours but a similar kind of shake-out is looking increasingly necessary.

### In course of time, most things change just to keep up the quality. We're changing to become better.



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# New relevance in a changed world

The OECD is responding to expansion with country-specific projects

The Organisation for Economic Co-operation and Development has made a big effort to help eastern Europe - and in the process the Paris-hased club of market economies has shown some of the doubters among its members that it has a new relevance in a changed world.
Into the OECD have come

the Czech Republic (December 1995), Hungary (April membership criteria have 1996) and Poland (November 1996). Slovakia might join next year and Russia might follow in the near future.

The issue of new members and of the criteria for joining will figure high on the areas, but has not so far agenda of the OECO's been oriented to preparing annual ministerial meeting Moscow to meet OECD mem-

Within months of the col- removal of foreign exchange lapse of communism in east-ern Europe the OECD set up and capital controls. This may change. its Centre for Co-operation applied to join in May 1996, a with Economies in Transi- move supported by the US tion (CCET) in March 1990. and some of its allies, which This centre, with a budget of want to soften the psycho-

European countries, to 12 the G7 and the OECD. Vietnam. The most intensive try programmes in three cat-

egories:
The Partners in Transition (PIT) programme was set up in 1991 for Poland, Hungary and the former OECD. Czechoslovakia, to prepare them for OECD membership. All are now in, except Slovakta, where doubt about the solidity of democracy and difficulties in meeting slowed entry negotiations. The Russian Federation programme, set up in 1994. It is almost as extensive as that of the PIT countries and

This may change. Russia

covers more than 20 policy

bership criteria such as

about 90 officials, gives tech- ment by hringing Moscow nical assistance to 11 eastern into economic bodies such as

Union, and to Mongolia and Slovenia also have countryspecific programmes. Again, help is in the form of coun- these are not tailored to eventual OECO membership. but could facilitate efforts by these countries to join the European Union. So far. all EU states belong to the

> Unlike the International Monetary Fund, the World Bank or the European Bank for Reconstruction and Oevelopment (EBRD), the OECO dispenses advice alone, and it is much harder to evaluate the "return" on advice than on money. "But we think we can claim some credit for the better performance of the leading eastern countries," says Mr Jean-Pierre Tuveri, deputy director of CCET.

Initially much of the advice focused on the development of the legal and institutional framework in eastern European countries, which were belped to prepare new laws on privatisation, bankruptcy, competi- its Paris-based officials and

labour market and social issues. But many east European countries are now focused on joining the RII and are harmonising their laws with EU directives. Their legal dialogue is "now more with Brussels", says Mr Tuveri.

CCET is as active as ever in the wider field of helping east European administrations formulate and impleformer parts of the Soviet • Bulgaria, Romania and ment policy across a range of areas, and of training their officials. On policy, the OECD's most visible means of persuasion is its published economic reports on a country, followed up with seminars in the country concerned.

> Mr Tuveri says: "Here we have an advantage over the IMF, which does not publish its reports; over the World Bank, which only publishes occasional reports - and then usually only on sectors where it is lending; and over the EBRO's annual report. which covers all countries".

> Mr Satish Mishra, a former World Bank economist who heads the east European part of CCET, adds that unlike the World Bank or EBRD, which need to systematise their lending, "we can explore more options because we don't have to put everyone in the same frame-

In training, the OECD has and the EBRD. made a priority of tax, using tion, tax, environment, those from member coun-



tries. It has four centres - in Ankara (international and domestic tax) for central Asian and trans-Caucasian countries; in Budapest (domestic tax) for east Europe: in Copenhagen (international and domestic tax) directed at the Baltics and Russia; and an operation in Vienna in conjunction with the IMF, World Bank

Nowhere is the tax system in more disrepair than in to ram one recipe down Rus-Russia. But Mrs Alexandra sian throats. Nor is there the

official in charge of Russia. aays: "We are getting increasing co-operation from Russian institutions, like the central bank and the finance ministry, as they begin to understand the OECO het-

The Russians, she says, like the fact that several economic models are represented within the OECO. which is therefore not trying

in contrast with much of eastern Europe, which is ciak-Duval says - ın training and agriculture. With trainthe Bank, we get Russians to near Tomsk in Siberia.

Trzeciak-Ouval, the CCET tension that comes in the do a lot of work themselves loan conditions negotiated. In this way we transfer lots with other western institu- of useful tools to the Rusco-operation".

In spite of its relatively aligning itself with Brussels, small resources, the OECO Russia is still taking input has been active on the from the CCET, Mrs Trze- ground. It has helped converi Zhukovsky, a city oear and in preparing laws and Moscow that was once policies ranging from invest- heavily dependent on ment and tax to education descuce, to the civil sector, and aims to do the same at a ing, "unlike the Fund and former secret military city

**EUROPEAN INVESTMENT BANK • by Lionel Barber** 

Talks on EU enlargement will involve both diplomacy and hard bargaining

In less than 12 months the European Union will launch tries: Albania (Ecn46m), Bulthe historic process leading garia (Ecu286m), the Czech to the admission of new members among the reform democracies of central and eastern Europe.

Enlargement negotiations will involve high diplomacy and hard bargaining well into the next century. But in the background one institution - the European Investcial supporting role. .

the treaty of Rome, the RIB has specialised in long-term lending to support largewestern Europe. But its "out Ecu230m and Ecu320m to accession negotiations. of area" operations have improve and expand the telein post-communist central and Poland respectively. and eastern Europe.

states of the European especially the environment."

of 1996 EIB lending reached almost Ecu5hn in 11 coun-Republic (Ecu992m), Estonia (Ecu68m). Hungary (Ecu872m), Latvia (Ecu31m). Lithuania (Eculolm) Poland (Ecul.406hn), Romania (Ecu475m), (Ecul50m).

Examples of EIB-financed Roth. projects include an Ecu60m Czech Republic and neigb-

like the weaker member of the EU summit in Luxembourg in December, when Union. That means support- EU leaders are expected to ing infrastructure such as select candidates with which roads, railways, energy, and to open accession negotiations early next year.

There is a risk of new dividing lines being drawn Between 1990 and the end across Europe if the selection process in eastern enlargement is mismanaged. The EIB has a vital role because it pursues an inclusive approach based on objective lending criteria that have been rigorous Slovakia enough to maintain the (Ecu353m) and Slovenia bank's Triple A rating in central Europe, says Mr

Under a new mandate ment Bank - will play a cru- loan to upgrade Bulgaria's from EU governments coverair-traffic control system; and ing 1997-99, the EIB is to pro-For more than 40 years Ecu80m loan to finance an vide another Ecu3.52bn to since its creation as part of oil pipeline between the the 11 central and eastern European countries, to he bouring Germany; an topped up with a "pre-acces-Ecu90m loan for the Ljubli- sion" lending facility to supscale capital projects foster- jana-Celje motorway in Slo- port those countries with ing economic integration in venia; and two loans of which the EU formally opens

expanded steadily, especially coms network in Hungary along the lines of financing made available to Greece, With the exception of Spain and Portugal when the Mr Wolfgang Roth, the Albania, all of these coun. EU opened its doors to the EIB's executive vice-president tries have applied for mem "Club Med" countries in the dent responsible for the bership of the EU. But some 1980s. The idea is to encourregion, says the approach is are more economically age private investment to straightforward. "We look at advanced than others, rais-central and eastern Europe ing delicate questions ahead of EU membership to speed

In addition to the EIB's pre-accession facility, the European Commission has announced a further reform of the Phare aid programme to central and eastern Europe to support more

infrastructure projects. Mr Roth believes there should be no upper limit on the Washington-based develthe pre-accession facility. Setting a ceiling would activities in the transition encourage "indicative planning" where money is spooned out to countries depends. without regard to the merits of individual projects.

Much better, Mr Roth to private banks, which can subsequently assume responsibility for supporting EIB guarantees, rather than relying on governments.

Private finance is playing EIB in central and eastern Europe, a trend reinforced by the fact that German a continuing constraint. bankers are coming back The new facility will be into the market and the presence of other pathfinders such as ABN Amro.

Last month an international syndicate of 11 European. US and Japanese banks agreed to guarantee an Ecu70m loan to Slovenske Elektrarne, the Slovak power utility, for new boilers, steam turbines and a cooling system at the power Slovakia. Similar projects are under way in the region The EIB also wants to back joint ventures with EU partners and direct investments by EU companies. Often this means the EIB offers lines of credit to local banks to support small and medium-sized projects which on-lend the funds in smaller amounts. The EIB finances

up to 50 per cent of a project. Mr Roth, a former leading member of the German Social Democrats, wants the Bank to support larger where central Europe's lower wages and engineering skills could offer competitive advantages. But he acknowledges such lending would be

politically sensitive. Europe.

restructuring the post-com- efforts in Russia and the munist economies the Lux- rest of eastern Europe. It embourg based EIB has has made it much harder for worked closely with the Lon- the IMF to extract commitdon-based European Bank ments from the Russian govfor Reconstruction and ernment. Development. In spite of injco-operation appears to be the loan pending improveworking well.

About 36 common projects more favourable rates than the EBRD, usually on bigger projects. The EBRD is more bitterness among other eastlike an investment hank, ern European governments, with strong consulting some of which bave made advice. Mr Roth, committed to uniting the the continent. less favourable treatment. allows himself a small joke: And - perbaps most impor-"The EBRD gives good tant - it has dented the con-"The EBRD gives good advice but has no money, while the EIB does not give sector investors in Russia. enough advice but hands out who look to the fund to lots of money."

### discipline on recalcitrant

tinne the process of

developing free markets,

The problem of gauging the mix of carrot and stick is a continuing constraint

The past year has been a curiously difficult one for opment agencies, on whose economies of eastern Europe much private-sector lending

The International Monetary Fand and the World Bank have previously been says, is to offer a bigger role criticised for imposing overly-austere economic adjustment programmes on the countries to wblch they lend.

The problem of gauging zero in 1992 to about \$3hn in the mix of carrot and stick the past two years. a bigger role alongside the to encourage sometimes accelerate reforms has been global strategy, the aim of ture.

But the biggest criticism to echo around the bank and the fund in the past year has been a different one - the allegation that the IMF was too lenlent in allowing a government to flout the criteria it set for one of the higgest loans it bas ever

advanced. Last spring the fund launched a \$10bn three-year facility for the Russian fedplant in Vojany in eastern eration. It was tied to the usual tough requirements of hadget deficit reduction. structural reforms and measures to tackle inflation.

But the arrangement seems to bave produced more controversy than reform over the past year. The fund's flercest critics say it went soft on Russia in an attempt to assist president Boris Yeltsin's re-election last summer.

The loan went ahead in spite of the failure of Mr Yeltsin's government to meet many of the targets industrial projects, say, in set. Worse, when Mr Yeltsin the automotive industry promised applanned spending in his election campaign, the men from the fund stayed mum. Although the IMF denies

that it was more lenient on Russia than it has been to "Exports [from central other countries, it is hard to Europe] would also mean avoid the impression that workers in western Europe the IMF's major shareholdlosing their jobs," says Mr ers - the US and Germany Roth, "On the other hand, in particular - did not want poorer people want to buy to run the risk of pressing cheaper products. What we Russia too hard and promptreally must do is look at the ing the election of one of Mr division of labour in Yeltsin's harder-line rivals.

The incident has detracted Throughout the process of from the fund's broader

The fund has repeatedly tial fears of an overlap, the delayed disbursements nf ments to the chaotic tax collection process in Russia, are under way. The EIB but few doubt that it will be offers lending at slightly fully dishursed, whatever happens.

The issue has prompted painful sacrifices and got far fidence of foreign privateforce fiscal and monetary

governments. Meanwhile, both the IMF and the World Bank have tried to continue in the past year their delicate balancing act of providing enough support to the transition economies to enable them to con-

**DEVELOPMENT AGENCIES • by Gerard Baker** 

way that might encourage fiscal laxity or crowd out the private sector. The World Bank has continned to step up its involvement in the region, although it remains small. Between 1992 and 1996 cumulative lending commitments to the countries of the former Annual lending went from

In line with the hank's the funding bas been to eastern European economies reform, efforts have focused to make them more attrac-

tive to private investors. The bank's long-term aim money and foreign equity. Some of the more advanced attract private capital in menting its \$5bn emergency the best and the rest.

and Slovenia have been frontrunners - but the rest

have some way to go. The bank bas conceo-IMF's efforts to support programmes. structural change. Privatisation, encouraged

without nverlending in a While the bank's efforts stalled in Belarus, after iniprocess is back on track and this year.

Soviet Union reached \$20bn. has encouraged reform in some areas, notably in the difficult. although there have been considerable setbacks in relactant governments to continuing revision of its others, especially agricul- for Europe and central Asia,

In countries which are

on ensuring the sustainabilfinances and on involving is that its role should gradn- the private sector in infraally be assumed by private structure investment and environmental protection. The bank also started work

this way. Hungary, Estonia, reconstruction programme Poland, the Czech Republic in Bosnia and Herzegovina.

remain in the less advanced countries, bowever. Worsening poverty in many countrated on two areas - invest- tries has forced the lending ing in physical infrastruc- institutions to focus more ture and complementing the effort on social assistance

Rationalising unprofitable large enterprises continues hy the bank, has been fitful. at a slow pace, stymied hy political difficulties. And improving the operation of tial setbacks in Ukraine, the financial markets has been a thorny problem. In the past its lending to Ukraine is banks relied beavily on expected to reach \$1.5hn lending to loss-making but protected state industry. In spite of the IMF's diffi- Restructuring those indusculties in Russia, the bank tries without prompting a banking collapse is proving

Mr Johannes Linn, the World Bank's vice-president warned that the problems the bank faced were much improve the climate in the further down the path of greater than expected and there was a risk of widening the gap between different ity and efficiency of public countries. "We may have to be prepared to face an increased polarisation of progress and country diversity," be said. That is World Bank-speak for a dangerous economies have started to in the past year on imple- and deepening gulf between

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#### INVEST IN BULGARIAN **PRIVATISATION**

Commitment to welcoming foreign investors and fast-track privatisation

Following the agreement with IMF, backed by the World Bank, for speeding up economic reform, the Bulgarian government announces a privatisation program for 1997 that specifically welcomes foreign investors and aims to accelerate privatisation, which so far has resulted in almost 5500 deals, and this has the support of the major Bulgarian political parties.

1996 is evidence that Bulgaria can deliver on the sale of large firms and is also becoming a focal point for foreign investment. The Privatisation Agency sold 148 large firms then, resulting in proceeds, debt amortisation and investment commitments totalling over \$ 600 million - the highest annual figure today. Following the IMF agreement, within 7 months 15 companies were sold to foreign investors including world-class firms such as ABB, American Standard and Daewoo. Moreover, in the previous years Tate & Lylet UK) through Amylum(Belgium), Philip Morris Companies Inc.(USA) through Kraft Jacobs Suchard (Switzerland), Lifton International A/S through Breakers A/S (Denmark), YTONG Holding (Germany), Nestle S.A. (Switzerland), Internationale Spedition Willi Betz GmbH (Germany), Heineken N.V. (the Netherlands) through Brewinvest S.A. (Greece), Interbrew (Belgium) and others invested through Bulgarian privatisation, too.

The extensiveness and effectiveness of the legislative framework for investment in Bulgaria has become, according to an EBRD report in October 1996, among the best in the region. Operating costs are now among the lowest in Central and Eastern Europe. Other enduring attractions include a strong track record in exports, directed increasingly to OECD, and especially EU, markets as well as the traditional markets of Russia, other CIS countries, the Black Sea region and the Middle Past.

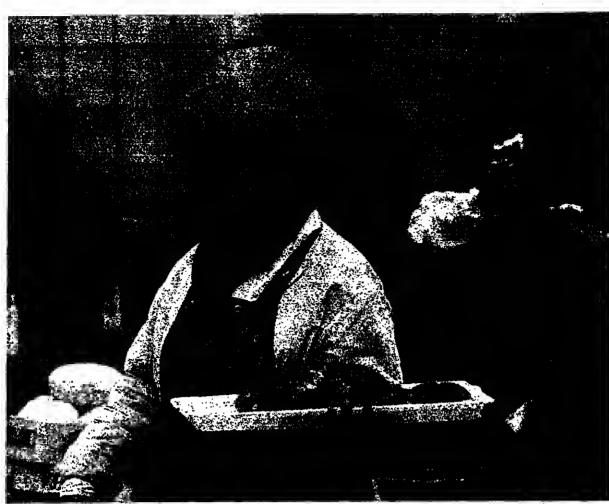
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			•	
_	Sector	Company	Exports (% sales)	% for Sale
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•	<ul> <li>Mechanical Engineering</li> </ul>	Shipyard in Russe	90%	80%
		Shipyard in Bourgas	80%	80%
	Motallary	MDK	30%	56%
		Alumina	30%	70%
	Chemicale	Agropolyhim	. 74%	75%
		Nachim	29%	75%
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Companies wishing to receive further information on these or other companies for sale and the official tender procedures are invited to contact the Manveting Department, Bulgarian Privatisation Agency. Quoting Reference: FT/972, Aksakov St. 29, 1000 Solia Investor Helpline; Telephone & Answering Service: +359 2 980 8275 ... Facsimile: +359 2 981 6201 E-mail: ogpriv@mbox.digsys.bg



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A market in Nizhny Novgorod, the heartland of reformist Russia. Further structural reforms are needed to encourage investment.

RUSSIA . by John Thornhill

# hoping for the sun

Russians are waiting for the economic dream that structural reform may bring

If you want to get to the bottom of any story, the editor of the Washington Post used to say, follow the money. Such a quest tells von much about Russia.

The behaviour of local companies - which prefer to transfer money abroad rather than invest in the local economy or pay taxes and individuals - who change their ronble savings into US dollars and keep them under the mattress illustrates the continuing conomic instability.

Yet Russia's potential is and the emergence of a highlighted by the surge of vibrant private sector have equity market which has risen 60 per cent this year as a result.

The question for the government - and Russia's 148m long-suffering people - is how fast the country can move from economic gloom into the sunny unlands predicted by stock market investors. This year will determine the answer.

Mr Yevgeny Yasin, mentor of the government's reform team and former economics minister, says urgent government action is needed to spark growth after a further dollar for many months.

6 per cent fall in gross Annual yields on government deht have fallen from domestic product in 1996. "The country is in an more than 200 per cent exceptionally difficult situa- before last summer's presition, maybe the most diffidential elections to less than

cult since 1991-92," he says. 40 per cent this month. "The most important thing But Mr Yasin argues that is to achieve a resumption further structural reforms of economic growth. This is are needed to cement these a not a wish, nor a good achievements and encourage intention, but a vital necesinvestment. Public finances sity. We will not cope with must be brought into order our budgetary, social, and by collecting more taxes and cutting spending, while other problems if we fail to action needs to be taken to ensure economic recovery. demonopolise important The government argues parts of the economy and that an enormous amount

has been achieved in five enforce property rights. years of economic reform. It It is a big agenda, hardly has laid the foundations for helped by President Boris Yeltsin's eight months of a market economy and inactivity following his reestablished a platform for election last July.

Despite this, Russia's 66-The liberalisation of trade, the privatisation of industry year-old president finally appears to have steeled himself for the fight and has put government since 1992. Industry's share of

Mr Anatoly Chubais, the standard bearer of economic reforms, has returned to government as first deputy prime minister and finance minister with a brief to put the public finances in order. Promising an aggressive campaign against corporate tax dodgers. Mr Chubais's immediate goal is to plug the revenue shortfalls that have resulted in millions of federal employees and pensioners going unpaid.

His longer-term aim is to introduce a fair and transparent tax code by 1998. encouraging companies to invest with the confidence that their earnings will not be arbitrarily expropriated

by the tax police. The appointment of Mr Boris Nemtsov, tha reformist governor of Nizhny Novgorod, also as the other first deputy prime minister promises to inject new vigour into the government's attempts to tackle the spending side of the budget.

Mr Nemtsov's challenge is to cut the government's bloated housing budget and redress the economic distortions created by natural monopolies such as gas, electricity and railways.

The state can only do so much to create the economic conditions for growth, though. Mr Alfred Kokh, the privatisation minister, proreshuffle to deputy prime minister, says it is now up to private companies to make the most of the

increasingly benign climate. "For 70 years our people were taught one thing and a cult of the state was subconsciously programmed into the Russian brain. But they must realise the state can no longer manage everything. The state can no longer command people, it can only attempt to regulate," be

The real battle, therefore, is to create an economic and political environment stable enough for both domestic and foreign companies to

invest with confidence. Mr Michael Marrese. global emerging markets economist at Chase Manhattan Bank, says: "The ssence here is that if Russians who know the most about their economy are afraid to invest in their own country then foreign investors will also be cautious." Yet Mr Marrese suggests the government could enter a virtuous circle if it can tackle ontstanding structural problems in the econ-

Cracking down on natural monopolies, introducing a new tax code and pursuing tough bankruptcy procedures will help the government improve its fiscal position. That, in turn, will enable It to reduce its issuance of new debt bringing

down interest rates. Reinforcing ownership rights will lead to higher valuations of Russian assets. This will enable the government to raise more money from privatising the remaining state property. It will also enable private investors to raise funds more cheaply and encourage a return of flight capital.

Conversely, a failure to push through structural reforms could lead to a downward spiral in which the government's inability to pay wages and pensions leads to a further loss of credibility and increased diftimes in five years. ficulties in collecting taxes.

The resulting social instability could lead to renewed political concerns, pushing np borrowing costs and prompting additional capital flight.

In his state of the nation address last month, Mr Yeltsin conceded that people were tired of five years of seemingly fruitless economic reform. They were beginning to lose hope and patience. Any further complacency could prove fatal.

Fate is out of their hands

THE BALTIC STATES • by Matthew Kaminski

frictions with Russia give added urgency to the westward push

The fate of the Baltic countries, three mice nestled up against the Russian elephant, is again in the hands of others. Democratic and market

reform credentials are helping the Baltic countries -Estonia, Latvia and Lithuania - build a strong case for nembership of the west's elite institutions.

The perceived threat from continuing friction with Russia gives the push added urgency, but the desires essed by Baltic leaders on their visits in Brussals and Washington may yet be dashed. As Russia wants assurance that Nato enlargement will never include ex-Soviet republics, the western military alliance has made clear the Baltics will not receive a membership offer at July's Madrid summit

They have not ceased lobbying, however. Talks are ongoing on a formal security ment - short of an outright guarantee - with the US. Washington also has tried to assure the Baltics that, as Ms Madeleine Albright, secretary of state, said in Helsinki last month, enlargement will not stop with the first wave.

The drive for membership of the European Union and investment western advances the process of reintegration with Europe, Yet EU membership for the Baltic states is unlikely to parallel. Nato accession for the central Europeans, as a study from the Rand Corp, a 1995 and Lithuania last year

Local troubles and US think tank, urged last are fading. After two bad

Relations with Russia are as prickly as usual. The Kremlin in January threatened economic sanctions against Estonia and Latvia. claiming their sizeable Russian minorities are maltreated, an issue that is holdmg up progress on a border and standard friendship treaty. Baltic landers say human rights are not being violated - a view shared by western monitors - and claim Russia is using it to hinder thair westward

The uncertainty has been compounded by domestic upheavals. Public scandals brought down Latvia's government in January and two of Estonia's in the past six months, leaving the latter with a shaky minority coalition. Lithuanian voters last year threw out the ex-Communist government and brought back the heroes of 1991's independence drive. The government changes

march.

and public accountability can be seen as tha stuff of a healthy democracy absent in other parts of the former USSR. Some western officials are less sure. A European diplomat in Tallinn, the Estonian capital, said the instability could hurt EU membership talks and slow structural reforms that require steady political sup-

The issues facing the Baltics have had surprisingly little impact on their economies. The recovery is in full swing everywhere. Estonia started reforms early and remains ahead, but the other two are catching up.

Memories of the banking crises that beset Latvia in

slav federation and now

Non-Slav Romania is geo-

graphically part of the Bal-

kans but was subject to Hun-

garian and Saxon-German as

well as Ottoman influence,

and has become by far the

biggest country in the

Yugoslavia and Romania

used to be roughly equiva-

lent with populations of

about 22m to 23m each. But

Serbia, linked to Montenegro

in the rump Yugoslav state,

is now a virtually bankrupt

country of only 9m, land-

locked and deprived of its

former share of the revenue

from Slovene exports and

Slovenia and Croatia, no

longer obliged to finance the

federation and its army, are

building infrastructure with

the funds they formerly sent

to Belgrade. Direct foreign

investment into Croatia dou-

hled to \$290m last year and

is expected to double again

this year, according to Mr Davor Stern, the economics

The test of Croatia's con-

version to "central Euro-

pean" ways still lies ahead,

however. Much hinges on

the way Zagreb handles the

reintegration of eastern Sla-

The disintegration of

Croatian tourism.

minister.

like to say.

rebound this year. Yearly inflation bovers around 10 per cent and parliament has passed its first balanced budget. Surprisingly optimistic, Standard & Poor's in January assigned Latvia a triple

B rating, a grade above Poland and Greece. The closure of two banks in Lithnania dampaned growth but less than was predicted. The new government in Vilnius made up of nationalist parties has continued the reforms begun by the ex-Communists.

Trade has been the motor for the Baltic economies. Boasting five large ports, the countries are a conduit for goods coming into and out of Russia. Latvia last year led the way with 45m tonnes of cargo, a 15 per cent increase from the previous year.

Consumer goods and capi-tal are also flooding in from the Nordic countries and Germany. Estonia already has a high technology, low wage manufacturing base that Finnish companies can tap. Western investors are awaiting further progress on privatisation in Latvia and

Capital flows have been one way and some economists note with concern growing current account deficits in all three states. which, with strong currencies - an unmovable currency board in Estonia and Latvia and a fixed peg in Latvia - are making local exporters grumble:

But the governments are least orthodox of the three, Lithuania may phase out the currency board in a few a stable exchange rate. Esto- their own destiny.

nian and Latvian officials years, Latvia expects a insist that their exchange policies are not under threat - and in any case, the currencies may be undervalued. Trade links and a firm track record on macrosco-

nomic stabilisation have spawned a lively financial sector in the region. Recent banking shake-outs have left the stronger institutions standing. The large Estonian banks are leading the push for pan-Baltic business. Hansapank, the region's largest bank, last year acquired Deutsche Lettische, a Latvian bank. A competitor, Hoiupank, plans an expansion into Lithuania. A broader presence throughout the region provides a better base for growth than could

tiny Estonia. In Latvia's capital Riga, historically the region's financial centre, bankers are more closely involved with Russia. Many are ethnic Russians and have developed a niche servicing Russian trade.

The economic transition is incomplete, however. Estonia is selling its stateowned infrastructure. Latvia and Lithuania have promised more liberalisation, particularly in energy, and are drafting their reforms with EU standards in mind.

The Baltic economies are in a new phase," says a western official in Riga. "They've managed to stabilise. Now tbay are facing the atructural problems. It'll take a long time to finish that agenda off."--

While questions hang over holding their ground. The the Baltics' place in the world, resolving the outstanding economic issues may be one area where the months but pledges to keep three countries can shape

THE BALKANS • by Anthony Robinson

Over much of the region there is enough volatility to deter even the

adventurous The Balkans have lived to a reputation for seismic sbocks, violence and fragmentation over the past few

Albania; once seen as a restructuring success story the making, suffered industrial-scale pillage as defrauded pyramid fund "investors" reclaimed their

ever came to hand. Bulgaria found the political will to turn back from financial meltdown on the brink of a second default on its \$10bn foreign debt.

lost wealth by looting what-

Serbia and Montenegro are still searching for a way out of an economic black hola caused by war and international sanctions. Bosnia has yet to demonstrate that the armed truce in the artificially divided state will endure once Nato-led peace-

keeping forces withdraw. Over much of the region the rule of law is tenuous and mafia gangs are often linked to or more powerful than local or central governments. There is clearly enough volatility to deter the most risk-prone investor. Yet the launch of a \$100m, closed-end Caymans Islandbased Balkan investment fund by Regent Fund Management in London last

vonia - the last pocket of month was well-attended by Serb-held territory - into professional investors and Croatia later this year. the message they heard was Yugoslavia bas left Romania Mr James Mellon, managas the regional "supering director of the Hongpower", with oil and gas, a Kong based Regent Pacific Group, which claims to manlong Black Sea coastline and rich agricultural land among age assets worth \$1.4hn in the many assets attracting a the region and whose Rusgrowing line-up of foreign sian White Tiger Fund grew 160 per cent last year, said

whila the Bulgarian lev dou-

bled in value against the dol-

lar within a month, after

falling like a stone for the

The dissolution of Yugo-

previous two months.

Presidential and parliaparts of this strategically mentary elections last placed region bad reached November resulted in a bottom. They were now in peaceful, democratic change line for the sort of rapid and brought in a reforming asset price appreciation coalition which has success which made fortunes for fully attracted foreign attenearly investors in Poland, tion by the skilful presenta-Hungary and Russia, he tion of reformist policies and a rapid privatisation drive. Romania is embarking on a According to tha sales pitch, huge mispricing in Polisb-style stabilisation which it bopes will lay the debt and equity assets in the

region gives a potential to basis for economic growth. raise asset value three to 10 The peaceful demonstrations against Serb President An example of such Slobodan Milosevic in Bel-"bounce" is tha recent expegrade and the radical transrience of Bulgarian Brady formation achieved at the bonds which became highly Romanian elections had a profitable instruments after beneficial effect in Bulgaria, the resignation of a socialist where sullen resignation government was followed by was replaced by a surge of successful negotiation of a popular enthusiasm for dem-\$858m IMF support package, ocratic change.

The ruling socialist party showed belated good sense by bowing to an overwhelming damonstration of the popular will and agreeing to early elections. The polls on slavia has radically changed April 19 are expected to con-

the Balkan balance. Two for- firm a political transformamer Yugoslav states, Slo- tion which could mark the venia and Croatia, fought end of seven years of wasted their way out of the Yugoopportunities and corrupt privatisation and pave the cussion. market themselves, with way for the introduction of growing success, as central an IMF-backed currency for embarking on delayed European - "between Venice board regime, and Vienna" as the Slovenes Looking fur

Looking furthe Bulgaria and Romania should both benefit from their strategic position on the Black Sea, which is likely to become one of the main transit routes for oil and gas from Russia and central Asia.

Russia's Gazprom has already emerged as one of the biggest investors in Bulgaria, with a 50 per cent stake in the Topenergy joint venture and plans to spend more than \$500m on building a gas pipelina to supply other Balkan states and western Turkey.

Plans for an oil pipeline to take Caspian Sea oil to markets in Europe through a and miracle cures.

pipeline from Burgas to the northern Greek port of Alexandroupolous, avoiding the Bosporus, are still under dis-

Provided the political will reforms is snatained, Romania, Bulgaria a neighbouring Macedonia will be increasingly open for business and investment.

The main questions are whether Serbia can complete its own move in this direction and whether Albania can find the will to rebuild what has been destroyed.

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in varying degrees demo-cratic and market institutions and civil society are fragile thronghout the region. The Albanian disaster sent a clear message that democracy and a market economy need honest administration and transparent methods - and left no illusions, about short cuts



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CREDIT RATINGS • by Kevin Done and Anthony Robinson

### Dire performances all round

Moscow is forced to think twice as its neighbours' economic reforms fail to materialise

A popular joke in Kiev is that Belarus exists to make Ukraine look good.

Such mildly perverse bumour in the eastern Slavic countries, ostensibly inde-pendent of outside domination - usually Russian - for the first time in their histories, does little to blanket the stark reality that the gap between them keeps widen ing and both are falling further behind other more rapidly reforming countries.

Ukraine's fifth hirthday celebration last autumn marked a watershed. The country had just introduced a currency, the hryvnia, and passed a constitution. Soaring prices, which exposed Ukraine's weakness in its first two years of self-rule. have become a distant - bnt not faint - memory.

The doubters, who said a Ukraine without Russia are growing impatient. would not last long, have been proved wrong. "No-one can really question that Ukraine will stay independent," says Mr Stepan Kuril, editor of Vysoky Zamok in the western town of Lviv. the hothed for Ukraine's national revival, "But what sort of country will it be?"

Many peopla are asking the same question. The nationalists have, in fact, parliament and the governbecome disenchanted. The old Communist establishment, which ruled Ukraine more conservatively than its peers in Russia, has stayed on and divided the political

and economic spoils. As old vested interests dig in and new ones form, struc-tural reforms are being ments. "The business clioeglected. Privatisation mate is in the toilet," says a remains slow. Growing wage arrears - up to 4.2bo hryvnia (\$2.4bn) last month - stem from the chronic state of Ukraine's public

finances. emerging. Mr Jeffrey Sachs. a Harvard economist, belped put together a tax and regulatory overhaul package. A more realistic 1997 draft bud- utation for favouring and functioning without via-



get came with it. But infighting in parliament and cabinet have repeatedly delayed their adoption, leaving Ukraine without a budget and prompting Mr Victor Pynzanyk, the most senior proponent of economic reform in the Ukrainian government, to resign in frustraimporter

tion earlier this month. Ukraine's western donors "They're just not moving forward." a US official complains. "The political leadership is fractured, there is no coherence or follow through. Stabilisation is an old story now, and you can have stahility without growth."

President Leonid Kuchma, in a rambling 90-minute address last month, blamed the economic troubles on ment led by Mr Paylo Lazarenko, a former Soviet farm boss. Yet be appointed the

The charges that corruption is escalating are almost deafening, coming from many leading western com-US official.

Motorola, the US telecoms giant, last month became the latest casualty, pulling out on a planned \$500m investment in a mobile telephone New ideas for reforms are network after the government kept changing its licensing procedures.

As in the case of Russia. Ukraine has developed a rep-

local companies that are well connected politically ahead of multinationals with ready cash. The entry harriers are steepest in the energy sector, and particularly in gas, of which Ukraine is a very large

A variable and onerous tax regime, along with often baffling regulations on business activity, also explain the low levels of investment.

The official attitude of indifference - which already has put a dampener on reasonably good relations with Washington - does not square with the economic needs. Ukraine's aconomy shrank another 10 per cent last year, the steepest drop in the ex-USSR. Gross investment of just 8 per cent of GDP makes a revival all the more difficult

Most foreign investors are aware of the huge risks: total foreign direct investment in Ukraine's first five years was \$1.4bn, oegligible for a oation with a population of 52m.

Ukraine's handicap could be a deficit of talent. A new generation - educated abroad in liberal ideas and foreign languages - is just coming back and claiming a role. "This is a profoundly Soviet country with central European pretensions," says a western diplomat of Ukrainian descent.

But those pretensions matforeign minister. ter. Its democracy, flawed

unknown, weakly capitalised hie political parties, has at least passed the test of a presidential election where nower changed hands.

and press ahead at varying

glaring exception must be

Belarus, a nation of 10.7m

closest ally, a potential bul-

wark on Neto's probable new eastern frontier.

But as Belarus sinks

deeper into economic hard-

ship and political repression

Moscow has been forced to

last month surprisingly con-

demned the lack of press

freedoms in Belarus when a

Russian journalist had his

accreditation withdrawn.

And market reforms have

not even been tried, making

any reunion with Belarus

prohibitively expensive for

ko's reputation for unpre-

no-one left to count oo".

streets to stage its protests.

The Kremlin spokesman

think twice.

ds with reform, the most

Ethnic tension pitting Russtans against Ukrainians in Crimea and Ukrainians against other minerities aleawhere have been bandled if not resolved - without recourse to violence.

Ukraine's recent embrace warmer ties with Nato and its central European neighbours makes more unlikely the recreation of Russian military or political domination in the borderlands.

Kiev's westward tilt in foreign policy may oot last beyond next year's elections for parliament but it is a strategic reality today that makes Russian nationalists furious and appears to vindicate the American proponents of a more pro-active policy toward Ukraine.

Ukraine never opposed Nato expansion into central Europe and today even sees it as in its interest. A separate Ukrainian-Nato charter on closer co-operation is under discussion.

And, as Kiev and Moscow keep bickering about the division of the Black Sea Flest, Ukraine believes the expansion of the alliance "can be a great stimulus for Russia's choice of a democratic coursa of developmeet," according to Mr Antoe Buteiko, its deputy

As the former Soviet camp members form new alliances

Analysing country risk?

A flood of countries across

the region are being given their first ratings

The pace of business io central and east Europe bas hecome frecetic for the international credit rating agencies as countries, cities. banks and companies from the region queue up to make their debuts in the international capital markets.

What began as a trickle in 1989, when Moody's, the US agency, gave its first credit rating to Hungary, has developed into a flood during the past 12 months, with countries across the region from Slovenla and Croatia to Russla and Kazakhstan gaining their first ratings.

wedged between Poland and Positive assessments from the ratings ageocies have Mr Alexander Lukash. paved the way for successful enko, Belarus president, enrohood issues, most of which were increased keeps up the drum beat for Slavic reunion. The Kremlin thanks to beavy demand. has repeatedly embraced its

In its first international issue since 1917, Russia succeeded in raising \$1bn late last year, more than donble the amount it had planned, after investors submitted bids in excess of \$2hn. A DM1.5hn issne followed three months later.

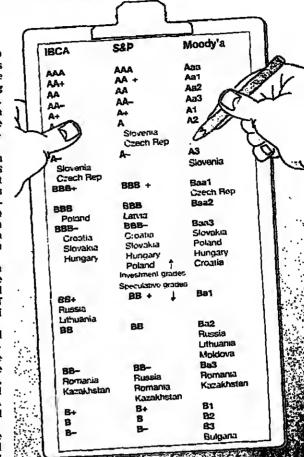
The sovereign issue allowed several municipal authorities to tap global capital markets including Moscow, St Petersburg and Nizhny Novgorod. Some of Russia's blggest companies, such as Gazprom, the world's biggest gas producer, and Lukoil, its biggest oil producer, are also potential borrowers.

The populist Mr Lukashen-In recent days, St Petersdictability was further enhanced last month when burg has received its first ratings by Standard & Belarus expelled a US diplo-Poor's of the US and IBCA, mat. Surrounded by new the Enropean ratings agency, which both gave the democracies, Mr Lukash. enko now sounds increascity the same risk rating as ingly isolated, warning his Russia itself, BB- by S&P countrymee that "we have and BB+ by IBCA, Maiden issnes expected this year incinde Ukraine and Uzbeki-The harried and small opposition, which lost last stan as well as several Rus-November's fight over a coosian municipal borrowers troversial new constitution led by the cities of Moscow that gave the president and St Petersburg.

broader powers, has in the Romania is planning to meantime stayed out in the raise DM500m to its first their earnlogs have to be international bond issue by fully reported, and their

East Europe credit ratings Long-term foreign currency

ebutants line up



June and Slovakia is looking at the possibility of raising funds to help cover its hudget deficit.

Corporate borrowers, such as Poland's Stalexport which last month issued the first \$50m enro-convertible loan, are also ready to tap bond markets for cheaper and longer term funds than those available from local banks and capital markets. Initial reception for the Stalexport was poor, however. "Companies we'd oever even beard of five years ago are now in the market looking for \$100m at a time," says Mr Doog Rediker of Merrill Lynch, "There's a flood of opportunities but companies have to make the grade.

forecasts have to bear some relationship to actual performance, just like any-

Mr Alex Bebov of J.P. Morgan says small loaos and private placements are growing, usually with floating rate coupons, Lithuania, for example, made its debut with a two-year \$60m placement through Nomura International in December 1995 followed by another \$50m eight months later. Poland's Export Development Bank and the Polish Development Bank also raised funds in this way along with two Slovak banks, Slovenska Sporiteloa and Vseobecna Uverova Banka, which raised \$80m and \$100m respec-

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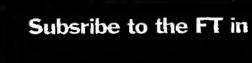
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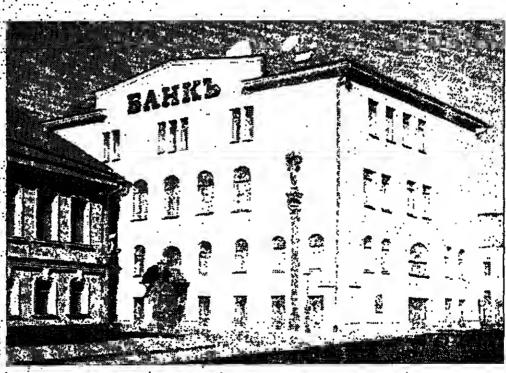
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accelerate the privatisation

of state owned assets to pro-

vide revenues to cover the

budget deficit created as

payments are channelled

earning accounts.

traditional scheme.

pension funds.

Fund-based pension reform aims to take pressure off the financial markets

A small but energetic group of reformers is racing to put in place the outlines of a fund-based pension system to replace Poland'e pay-asyou-go arrangements. The effort is central to the develent of the country's capital institutions. But the reform must be pushed through parliament shead of antumn elections lest politicians' temptations to compromise to win the votes of more than 9m pensioners and invalids shatters the fragile government consenens on pension reform.

The old system threater to collapse in a decads under the weight of a growing population of pensioners. But failure to meet the reformers' deadline would give it a new lease of life.

The leader of the pension team housed in the labour ministry is Mr Jerzy Hausner, a politically carmy former top adviser to Mr Wlodzimierz Cimoszewicz, the prime minister. He moves confidently in the corridors of the present coalition, led by the former communist Left Democratic Alliance. He is backed by Mr Michal Rutkowski, a World Banktrained Polish economist, and a group of enthusiastic experts aware of bow important their efforts are to

Poland's growth. If they fail to push draft legislation through parliament in the next few months the banks will remain the basic source of into the new schemes. Less

■ Nothing symbolises the shift towarde more service-oriented economies then the growing interest in privately-funded pension schemes and insurance. Rising incomes and the new middle class are pushing demand; ageing populations and the looming financial crisis of pay-as-you-go pension schemes are raising the urgency for reform. A recent study by Swiss Reinsurance Company predicted that non-life insurance business could grow by 5-9 per cent and life insurance by 7-12 per cent over the next five

largely domestically funded growth. investment funds to the cor- than 1 per cent of the population, about 300,000 people, porate sector, leaving Poland's fast-growing stock invest directly in the stock market despite a 90 per cent market in a secondary role. rise in WIG index last year. Mr Hansner's plans envis-The stock exchange, capitalage that initially a fifth of ised at about 28.5bn zlotys, the present 45 per cent of

into ZUS, a state managed faster growth. The fledgling mutual fund pension body, ebould be industry, led by the Pioneer paid into privately managed Group from Boston, is also looking to the pension This would cover the future pensions of workers reformers as a new source of under 30 and those between activities.

needs pension reform for

Pioneer is still the bright-30 and 50 who opt into the new scheme which also est star among the three opens the way for additional fund managers acting as oluntary pension schemes. intermediaries between the ZUS will continue to pay the capital market and private savers. Led by Ms Alicia Malecka, its three funds bad Mr Rntkowski estimates 1.6bn zlotys of assets under that the reform could genermanagement at the end of ate 4.5bn zlotys (\$1.5bn) in February.

The second is Korona, a joint venture between Poland's Food Economy Bank (BGZ) and Creditanstalt, the Austrian bank, which manages about 86m zlotys of assets.

Przymierze, linking Pekao SA bank and the Alliance capital asset management group of the US, has been on the market since last antumn and has about 30m zlotys in its care while Fidelia, a locally-owned fund, has just started operations, Prospects for change in

years in central Europe against the background of a relatively stable supervisory environment and 4-6 per cent average growth. Hungary, the forerunner in pension reform, estimates the shift to funded pensions will see the investments of pension funds rise to 3 per cent of GDP by the end of the decade and up to 40 per cent by 2020. It is from growth like this that finance ministers throughout the region are looking.

to combine macro-economic stability with

attracted a list of new entrants such as Kleinwort Benson which is working with the Polish Development Bank on setting up three new funds and ADIG of Germany which is planning a family of funds with the Export Development Bank. PKO BP, Poland's biggest savings bank, also plans to run funds with Credit Suisse First Boston

while Bank Slaski is work-

ing with ING, its strategic stor, and the Wielkopol ski Bank Kredytowy with Allied Irish Banks. The prospect of pension reform has provoked intense debate. Ms Malecka of Pioneer believes funds, not insurance companies. should lead the way in man-aging the scheme. "Mutual

ing savings," she says. Mr Jaroslaw Myjak, the deputy head of Commercial Union's life insurance operation in Poland and a committed lobbyist for the pen-

funds should do what they

know best, which is manag-

sion reform, disagrees, In spite of the tensions between the two groups the draft proposals do not include any formal restrictions on the organisations entitled to apply for licences to manage pension funds.

THE VIEW FROM FRANKFURT . by Andrew Fisher

Commitment varies according to the extent of economic reform in each country

With a far-flung collection of emerging markets on their doorstep, Germany's bankers and businessmen have been quick to invest in the opportunities that eastern Europe represents.

Their commitment varies with the extent to which individual countries have gone down the road to economic reform, but their enthusiasm is clear.

This is reflected in the figures. Nearly 10 per cent of Germany's direct investment goes to central and eastern Europe. The Bundesbank says: "Germany's status in these countries is much more important than in other growth regions such as south-east Asia."

The German central bank expected the links between Germany and the fledgling market economies of eastern Europe to increase as these were drawn closer to the EU. So far, the bank notes, Germany'e trade and investment contacts have mainly been with the small group of reforming countries - notably Poland, the Czech Republic and Hungary - which were most advanced in making the transition from com-

munism to a free market. When the other countries in the region are considered. the bank sees "substantial future growth potential which will be to the mutual benefit of these countries and of the German econ-

Already, German exports

to eastern Europe make up decided to upgrade Moscow into a proper branch later present in the form of more than 8 per cent of its this year.

foreign sales – more than to the US. They rose 29 per cent between 1993 and 1995 to nearly DM60bn, of which just over half went to the Polish, Czech and Hungarian markets. Machinery, electrical products, vehicles, chemleading role in the ren icals and textiles were the main suports. German imports from the region, also approaching DM60bn, were global capital markets. 44 per cent up on 1998, with nearly DM7.5bn represe

oil and gas purchases from German direct investment in eastern Europe totalled DM4.2bn in 1995 compared with DM2.4bn in 1993, mostly in the manufacturing sector, but services and utilities received more investment as privatisation increased.

German business and political links with Russia and the rest of eastern Europe go back to long before the iron curtain cut off normal relations. Since this was lifted, German companies have been keen to take advantage of the low costs and high skills of their eastern neighbours.

Where business has gone, banks have followed. All the big German banks are involved in eastern Europe. Wben Deutsche Bank opened its subsidiary in the Hungarian capital of Budapest last year Mr Hilmar Kopper, the chairman, said the business opportunities in eastern Europe "cannot be

estimated highly enough". But like other banks, it has taken a more cautious line the further eastwards it goes. In Russia, for example, it still only has representa-

Until now, it has been waiting to see how effectively Russia's banking system develops and how efforts to modernise its battersd economy proceed. Deutsche Bank has played a tion of Russia's debt, an essential condition for the country's recent return to

Dresdner Bank, Germany's second biggest bank, has helped Russia's industrial financing programme by arranging a \$2.5bn syndicated project loan for Gazprom, the big gas producer. This was to belp finance the construction of a 4,200km pipe line from the Yamal gas fields in western Siberia to Frankfurt en der Oder, an east German town on the

border with Poland. German banks and compa nies are aware, however, that doing business in east ern Europe involves considerable risks as well as opportunities. While economic growth prospects this year are better than in any year since the region's transition to the free market started, Deutsche Morgan Grenfell, the investment banking operation of Deutsche Bank, says it will take years for east European countries to approach western European

living standards. "Studies show that this catching up will be a tough battle for each of them, rather than a smooth and even process," the bank says in its Focus Eastern Europe. Eastern Europe is still developing market-oriented polltive offices in Moscow and St. cies and some countries are Petersburg. It recently still economically unstable,

inflated expectations regarding the state's capacity to deal with social problems. As a result, the economies are burdened with social policy tasks that are incompetible with a high growth strat-

Thus, says the bank, east ern European economies are more similar to Portugal Spain and Greece than to east Asia, where com tion, high savings levels and labour flexibility prevail. Based on the moderate growth rates achieved by Mediterranean countries after joining the EU, eastern European countries would need more than a century to reach 90 per cent of EU income levels. Hungary and the Czech Republic are at 50 per cent of average EU per capita income levels, ths

same as Greece. While investors are bullish risks remain high Mr Harald Eggerstedt, a Deutsche Morgan Grenfell economist, says: "Picking the winners appears to particularly difficult in this part of the world."

This has not stopped the banks venturing even further eastwards. Beyond Russia where Deutsche Bank's links go back to czarist times. Mr Hubert Pandza, head of Deutsche's eastern Europe/central Asia department, sees favourable longer opportunities in Uzbekistan, a mineral-rich cotton producing country in central Asia, About 50 German companies have representative offices there.

The bank is also keen to cultivate relations with Kazakhstan, Turkmenistan and

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### Investors dive in

EQUITY MARKETS • by Michael Morgan

The mood is positive as the markets start to move 'in the right direction'

After a long stand-off by international fund managers, 1996 was the year when for many investors, the Moscow market came of age. Strategists had been eyeing the market for years, pointing to Russia's vast untapped potential. But the market's weak regulatory framework and poor protection of chareholders' rights proved persuasive in keeping investors at bay.

But in the second half of last year, the re-election of President Boris Yeltsin and the promise that his economic reforms would not be reversed provided the catalyst for a bull run as foreign investors overcame their

The sharp advance of 156 per cent for last year, in dollar terms according to the IFC's global index, bas continued into 1997 with the market up by just over 66 per cent by the end of March.

The increasing demand by foreign funds for Russian equities is highlighted by data from Fund Research, the leading UK fund analyst. At the beginning of February, a poll of six investment funds with a total of \$1.1bn under management, targeted at eastern Europe, showed average allocations of 20 per cent in Russia, beaten only by Poland with 27 per cent and Hungary with 23 per cent. That compares with en allocation of 6 per cent in Russia just a year earlier.

Yet problems remain. A study last month warned that Russia's 100 largest companies had serious problems of corporate governance, in spite of their more widely dispersed ownership since privatisation.

The joint research project by Professor Joseph Blasi of Rutgers University and Professor Andrei Shleifer of Harvard University said thet many companies had openly flouted shareholder rights by issuing free shares to insiders and blocking the appointment of outside directors. They criticised local brokers for talking up the market, ignoring these concerns. Based on a sample of 24 of

Russia's biggest 100 companies, the study said that 17 per cent illegally maintained their own shareholder register, while 44 per cent had bought back and resold their own sbares to insiders rather than retiring them. Problems also remain with

the market's infrastructure, particularly with clearing and settlement. However, Brunswick Brokerage, a Moscow based Moscow Times Index

securities house, says great progress has been made over the past 12 months in opening the market to foreign investors. It points to the creation of American Depositary Receipts, traded offshore, by 13 Russian companies, keen to raise their international profile. The ADRs cover about 46 per cent of the Russian market capitalisation and this will rise to 80 per cent when all the planned ADRs are

In spite of the problems, the market has undoubtedly come a long way since the first exchange was estab-lisbed in 1991. Mr Vlad Sobell, senior economist at Daiwe Institute of Research, says that the country's privatisation programme has created 40m shareholders.

The overall equities market more than doubled in dollar terms in 1996 and market capitalisation jumped from \$22bn to \$50bn. Moreover, the electronic Russian Trading System (RTS), the country'e main equities market modelled on the Nasdaq in the US, has now reached average daily turnover of \$50m with recent records of more than \$70m.

Mr Sobell says that investors are currently seeking new outlets and a new lower-tier share market, RTS2 which began in December. will list 72 shares in 47 regional companies.

Russia was not the only eastern European market to put in a strong performance last year. Hungary and Poland were also among the world's best emerging markets last year, rising by almost 95 per cent and more than 71 per cent respectively in dollar terms, says Mr Constantinos Grigoriadis, head market analyst for central and eastern European markets at the International Finance Corporation (IFC), the World Bank's privatesector investment arm. At ths very least, he expects Moscow to rspeat its achievement as one of the world's best performers in 1997, but he does point to fierce competition from some

of the strongly performing Latin American markets, Mr Grigoriadis also likes the outlook for Warsaw which he sees as by far the best regulated and well established of the east European emergers. The market has gone along with the ing it close to the all-time

high set in early 1994. Problems may lie ahead however. Foreign and Colonial Emerging Markets points out thet greater volatility can be expected in coming months in view of increasing political uncertainty ahead of the parlia mentary elections scheduled for the autumn. However, a number of large new issues is expected in the second half of the year which could raise the profile of Polish equities for foreign inves-

Budapest has its admirers among them HSBC James Capel. It says that with the corporate sector benefiting from a collapse in the domestic economy, it sees the equity market returning to vogue. After an impres in the opening months of

this year, the market has seen some profit taking. However, says Capel, "this is a pause for breath, rather than the start of a new trend."

The Czech market, a weak performer late last year has responded positively to moves to regulate stock trading more aggressively and to impose more transparency on reported trading. However, Prague is still less transparent than its neighbours and suffers from a dearth of financial information on listed companies.

Among the smaller markets. Slovakia moved up to new 12 month highs along with the regional rally in neighbouring markets. But the country faces trade and budget deficits and while overall earnings should improve in 1997 from their weak levels last year, the lack of market transparency and the negative political tone is likely to offset the

market's cheap valuation. The IFC's Mr Grigoriadis sees eastern Europe as a key investment area over the next three to five years. "Even the small markets are going in the right direction."

### INVESTING IN CENTRAL AND EASTERN EUROPE: ENERGY AND INFRASTRUCTURE 7



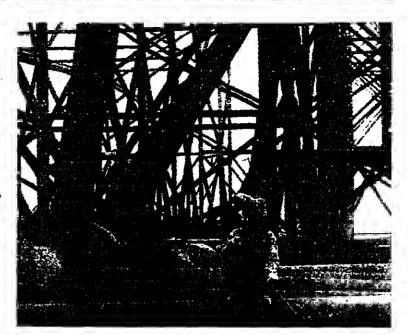
### Shifting priorities prove expensive

Centrally planned economies were big on power and natural resource-consuming heavy Industry and bulk transport. Road transport, energy saving, environmental protection and above all

lecommunications were a low priority. The transition to a market econor implies both a re-ordering of priorities and massive, long term investment. The new priorities are repairing ecological damage and reducing wasteful power and resource use. But shifting prioritie to satisfy the lower cost but higher technology production methods and higher communications requirements of market-orientated economies requires huge investments which remain mainly on the drawing board. The EBRD calculates that foreign strategic investors have put \$6bn to date into major

infrastructure privatisation, mainly in telecoms but also power and water utilities in Hungary, The World Bank calculates that 10 times this amount will be required over the next five years to fund the big projects on the horizon.

But most of the finance will have to be domestically generated - providing a powerful impetus to the development of domestic institutional investment vehicles throughout the region. 'The emergence of life insurance, and to a lesser extent private pension funds represents an important potential source of local currency finance for infrastructure projects, which has yet to be tapped in a substantial way," the EBRD notes in its 1996 Transition Report. Thia section looks at developments in some of the main infrastructure areas.



OIL AND GAS . by Robert Corzine

# yet to emerge

While the pace of investment may grow, deterrents remain, especially in Russia's case

The pace of investment in the oil and gas industries of eastern and central Europe is expected to grow in coming years, although the "wall of western money" in output. some pundits had predicted, especially for Russia, may not materialise.

Legal, regulatory, fiscal and transport problems are most often cited as the daterreuts to large-scale foreign oil investment in the region and generally influeuce euergy investment decisions in the former Soviet Union, although their impact varies according to company and country.

Investment in Russia, the largest oil and gas producer in the region, remains low relative to its potential. This northern and sonthern oil is reflected in 1996 production figures which show that the trend in recent years role for Transneft, the towards lower output coutinued last year, albeit at a more modest rate.

Russian oil ontput was tricky. about 6m harrels a day,

about 2 per cent down from 1995's output. Although the small

decline suggests production has finally stabilised, the challenge of maintaining even the current level over the next decade is substantial. A recent World Bank their positions within the study said the Russlan politically finid domestic industry will need investment of \$13bn a year to stave off further sharp cuts

Many big western oil companies are planning multibillion dollar projects that could help to reverse the decline but most say they are awaiting final approval of long-awaited legislation governing production sharing contracts.

Uncertain access already full export pipelines is also a factor that could delay some projects even if the legal hurdles are overcome. Many schemes bave been put forward to remove the bottlenecks in both the export systems, but a number would imply a reduced monopoly state-owned pipeline operator. That, however, could prove politically

While Russian oil compa-

nies are keeu to use the funds on offer from foreign partners to expand along the lines of their western counterparts, a receut report from MC-BBL Securities noted that their biggest priority has been to secure

> But investment in the Russian oil and gas sector has not come to a complete standstill. Soma Russiau companies have successfully tapped foralgn funds through bond or share largest company and the world's biggest gas pro-ducer, raised \$429m through an equity placing last Octo-

Gazprom, which, as the largest gas supplier to western Europe, has a large stream of US dollar earnings, has also had little trouble tapping international Lukoil, the largest oil company, has gained access to large amounts of foreign capital, mainly through its pian region appears to be alliance with Arco, the US oil company.

Investment for specific

smaller western companies, which have done a number of mainly oil development deals in recent years. Some of these companies bave recently come to the London market to fund their pro-

Others, however, have had trouble securing the necessary levels of commercial finance, and say they need funds from the EBRD and other multilateral institutions to carry out their development plans.

There is also growing investment activity in the issnes. Gazprom, Russia's former Soviet republics around the Caspian Sea. The bellwether Azerbatian International Operating Company, which is developing three offshore fields, is due to begin production later

The successful export of AIOC's early oil production out of the Caspian is expected to encourage a number banks for debt finance for of other consortia with siminew export pipelines. lar deals to intensify their efforts.

The idea of a web of export pipelines in the Casgaining favour, a developmeot that could spur further investment over the longer projects has come through term, according to industry centred on Poland.

Foreign oil and gas investmeut in central Europe bas been aimed more at down-

stream activities - such as the distribution of natural gas and refined oil products in the expectation that energy usage will grow strongly to match western European levels. Average per capita energy

cousumption in Central Europe is about 60 per cent of that in western Europe. with the difference usually attributed to the limited amount of car ownership in the region. But a recent report by the Loudon merchant bank ING Barings suggested an "enormous pent-up demand for private cars"

Aside from the construction of the new Lenna refinery in the former East Germany by Elf Agnitaine of France and some upstream exploration, most western interest has been limited to the marketing of petroleum products.

The scale of the intended investment is considerable; British Petroleum alone has plans to invest as much as \$600m in a new ceotral European retail network

### **NUCLEAR ENERGY •** by Simon Holberton Power to the people

Reconstructing the fuel industry will take more than new nuclear reactors

If Mr Jacques de Larosière, president of the European Bank for Reconstruction and Development, could have one wish come true it would be that Ukraine - and the problem of what to do about Chernobyl - does oot domiuate the annual meeting of

His wish may be granted But the difficulties in which the bank has found itself underline the propositioo that a commercial lending institution is ill-suited as an instrument of western politi-

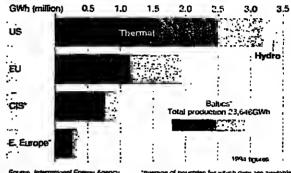
After December 1995 Kiev thought it had a deal with the Group of Seven leading industrialised natious that would enable it to close Chernobyl - site of the noclear accident - and to and the former Soviet Union complete the construction of in need of reform, the power two unfinished nuclear reactors, Rovno 4 and Khmelnitsky 2, by 2000.

The G7 commitment to the completion of these reactors was contingent, however, on the EBRD doing due diligence. The bank had to satisfy Itself that finishing the reactors represented a "least cost" solution to Ukraine's energy problems.

In February the EBRD received a report from Its independent advisers warning the bank that the reactors could not be completed on a least cost basis. The report said that western assistance would be better directed at the refurbisbment of Ukraine's fossil fuel generating equipment, and in promoting energy efficiency and conservation. It noted that Ukraine has more than enough installed generating capacity for its needs. It has 55,000MW of capacity of which 33,000MW is coalfired - to meet peak demand

of 27.000MW. It is likely that full consideration of the report - and a number of criticisms made of it - will be delayed until late April or early May. But the delay means there is little chance that Royno 4 and Khmelnitsky 2 can be completed by 2000, even if the EBRD agrees to finance

their completion. Moreover, it is moot whether the Ukrainiao authorities will have enough fuel to keep Chernobyl operating past this summer. Once there is no electricity generatioo ou site interna**Production of electricity** 



tional concern will focus on model to many respects, has the ability of the Ukrainian electricity grid to supply uninterruptible power to the Chernobyl site so that reactor safety systems can be kept functioning.

Politics is never far from the surface in the power sector, although more typically the pressures are domestic rather than international. Indeed, of all the industrial world's worst civilian sectors in central Europe sector is likely to prove among the most difficult.

Successful change requires root and branch reform of tariffs and the creation of a regulatory regime capable of controlling a competitive nite-fired power stations. market. Only after these two requirements have been met generation are exacerbated will conditions favour the by the poor standard of the massive investment the transmission and distribuindustry needs to rehabilition systems. Distributioo tate plant and equipment. Tariffs. Price reform is proving extremely difficult. In north America and western Europe electricity tariffs

for industry are between 45 and 55 per ceot of those for households. EBRD research shows that only those countries in advanced transition operate tariffs where industrial prices are lower than those for households. "With low and inverted tariffs, reflecting in part past use of electricity as a mechanism for distributing bene-

fits and resources under central planning, it is important to recognise that untargeted subsidisatioo of electricity cao be a regressive measure," the bank says in its report Economic transition in eastern Europe and the former Soviet Union. Price regulation. The need to have a regulatory

authority separate from the industry it regulates bas become an important issue for countries in transition. It is still too early to determine the effectiveness of receot moves in this direction, although initial experience is not encouraging. Hungary, although a

upset foreign investors with the inability of the Hungarian government to raise retail tariffs by the amount promised wheo electricity assets were sold, at the eod of 1995. Electricité de France and AES, a US independent power producer, have both expressed their frustration

to Budapest. Competition, Scope for competition to the power industry is limited. The electricity systems of most countries are plagued by overcapacity and the age of equipment. Thermal efficleacy is low by western standards at below 30 per cent for most coal and lig-

Problems of efficiency in cent of net generation and sometimes as high as 15 per ceut to 20 per ceot, EBRD estimates.

 Need for capital, Mr P J Kalff, chalrman of ABN Amro Bank, warned earlier this year that the infrastructure for power generation in the east was inadequate for the oeeds of market economies. Bringing it up to standard will require a vast sum. Poland alone has estimated that it needs to invest \$45bn over 15 years to replace balf of its 33,000MW generating capacity. "Decision makers bave to remember always tbat central and eastern Europe is competing with Asia and Latin America. which bave so far received most of the investment

flow," Mr Kaiff says. "Substautial strategic investor interest toward centrai and east Europeao investment projects has vet to materialise. It is still deterred by the perceived high risk of the business enviroument; and by the chaotic legal, regulatory and procedural impediments eocountered all too fre quently."

### TRANSPORT • by Charles Batchelor

# ave new trade, will travel

Planners look to privatisations as traditional traffic patterns change routes and roles

Transport networks in central and eastern Europe are undergoing rapid change as the role of railway contracts and demand for car and air transport increases. At the same time traditional traffic flows, between central Europe and Russia, are making way for connectious with western

Estimates range as high as £100bu for tha sums needed to apgrade run-down road and rail links and to develop the networks needed to match the new trade patterns. Much of this is expected to come from institutions such as the European Bank for Reconstruction and Development, the European investment Bank and individual European governments though an increasing role is seen for the private sector.

Transport projects have

tor of EBRD activity (after the finance and business sector) accounting for 13 financings and 14 per cent (Ecu395m) of the Ecu2.85bn approved in 1995.

movements, the EBRD concluded in a recent review.

bulk products such as ores, more frequent. more dependable transport services offering high levels of

security.

region's industry are expected to lead to a further fall in demand for shipments of iron and steel and a shift towards higher value light mannfactured products. This will put a premium on

But the impact is likely to be greater because the con-

The transport changes under way in the region have led to a significant decline in land transport

Structural changes in the

The railways in western Europe have still to rise to this challenge and their counterparts in eastern and central Europe seem certain to face a tough battle with roads for much of this mar-

been the second largest sec- traction which has taken of vehicle fleets and other place over several decades in western Europe will be compressed into a far

shorter time in the east. Meanwhile road, rail and aviation networks will have to be appraded to meet rising passenger expectations and increased levels of car

In parallel with these changes in traffic patterns has come a shake-up in the way transport is owned and managed. Centrally organised transport bodies are being privatised or split into smaller administrative

The EBRD points to privatisation as the best means of fostering competition and improving services. But It is concerned that governments should continue to oversee planning issues, safety and environmental protection.

In addition to an estlmated \$100bn useded for infrastructura improvents, the EBRD calculates that tens of millions will be uceded for maintenance and far larger sums for the replacement and expansion equipment. To ensure the most effec-

tive development and use of these transport facilities their use must be properly priced, the EBRD warns, Modern cost accounting methods must be applied to transport projects whlle user taxes to meet congestion and pollntlon costs must be carefully struc-

Just how difficult it can be to get this right is illustrated by the case of the Ren1bn (£720m) M3-M30 motorway project east of Budapest. Plans to place a concession with a private sector consortium led by GTM International were dropped when the consortium suggested that if toll levels were too high, motorists would divert to other

lt recommended lower tolls financed by a government subsidy hut this did not find favour with the Hungarian government. It decided to finance the project entirely in the public sector with a higher level of

tolls to ensure an acceptable economic return.

The EBRD acknowledges the difficulty of financing transport projects in countries which are still developing sophisticated commercial and legal systems and lack established capital mar-

Nevertheless, progress is being made on involving the private sector. Sema Group on a contract to provide a toll system on 60km of motorway between Gyor and the Austrian border while Brown & Root, a US eugineering and project management company, was last October appointed to advise on the Romanlan government's first motor-

Other recent projects to involve tha private alongside the state sector include Hungary's tolled M5 motorway; a Ecul5m project to build an oil-importing terminal on the River Danuhe In Moldova where a local private sharebolder will take a majority stake; and rail projects in the Czecb Republic and Bulgaria.

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### IN BRIEF

### **Brussels states** terms for BT deal

The European Commission is demanding only two substantial concessions from British Telecommunications, the UK telecoms company, and MCI, the US long-distance carrier, in return for approving the \$20bn merger between the two companies. Page 21

Volkswagen sales underline recovery Volkswagen, Europe's biggest carmaker, consolidated its recovery with a sharp increase in first-quarter sales. The upbeat figures pushed VW shares through DM1,000 (\$580) for the first

RMC predicts fall in German building German construction output in 1997 is forecast to fall for the second successive year, according to RMC, Europe's biggest concrete producer.

Talwan Semi plans \$14.5bn investment Taiwan Semiconductor aims to bolster its position as the world's leading pure foundry chip maker by investing T\$400hn (US\$14.5bn) over the next decade in advanced technology chip plants. Page 18

JP Morgan dips but beats estimates JP Morgan reported a slight drop in net income in the first quarter of 1997 compared with the same quarter of 1996, but still managed to beat analysts' estimates.

Chrysler announces record sales Chrysler reaffirmed its position as the smallest, but most profitable, of the "Big Three" US car companies by announcing record sales and profits for the first quarter. Pre-tax profits rose by 2 per cent from \$1.67bn to \$1.70bn.

Aon advances on lossmaking broker Aon, the large and acquisitive international insurance broker, is in advanced talks to buy Minet, the lossmaking UK broker owned by US property and casualty insurer St Paul Compa-

Companies in	this i	ssue	
ABB	5	MCI	18, 2
AP Moller	20	Mannesmann	2
Alexander & Alex.	19	Mapfre	2
Aon	18	Marsh & McLennan	1
вт	18, 21	Microcom	19
Bamerindus	19	Minet	18
Bankers Trust	18	NTT Data	18
Biocompatibles	21	Nippon Credit Bank	18
British Petroleum	21	Orient Oversees	18
Cap Gamini	8	Prudential	2
Chrysler	18	Quaker Oats	18
Compag Computer	18	REW-RWE Aqua	20
DnB	20	RMC	2
EDS	8	Ranbaxy Laboratories	18
EdP	20	Rauma	20
Endesa	20	Royal & Sun Allience	2
Equit. Real Estate	18	Royal Dutch/Shell	2
Flat	16, 2	SGS	•
Fokus	20	San Miguel	18
General Electric	19	Sentender	19
Giaxo Welicome	1	Siemens	•
HSBC	_	St Paul Companies	19
		TCI	16
Hitachi	8	Talwan Semiconducto	
IBM	_	Titan Cement	20
iberdrola ID Marros	20 19	Toshiba	18
JP Morgan		UPM-Kymmene	20
Lend Lease	10	Unión Fenosa	2

Lloyds TSB	19	w	2
Lyonnaise des Eaux	20	Visa International	1
Market Statistic	C-8	http://www.	FT.con
\$Annual reports service	28,29	FTSE Actuaries share I	ndices 3
Benchmark Govt bonds	22	Foreign exchange	2
Bond futures and options	22	Stits prices	Z
Bond orices and yields	22	London share service	28,2
Commodities prices	24	Menaged funds service	25-2
Dividends announced, UK	21	Money markets	2
EMS currency rates	23	New Intl band Issues	2
Europond prices	22	Rourses	32,3
Fixed interest indices	22	Recent tesues, LIK	31
FT/S&P-A World Indices	34	Short-term int rates	2
FT Gold Mines Index	30	US Interest rates	2
FT/ISMA inti bond suc		World Stock Marketa	3

PRANKFURT	(DMI)		PARIS (FFr)			
Rives Manufacture Manufacture	7.F	25	Labinal	1492	+	82
Manahalin Vars		4	Svothelabo	672		46
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Hotempon	507 -	13	SCS-Thomson	396.2		
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# Sears to repay card customers

US retailer admits over-zealous pursuit of bankrupts who defaulted

By Richard Tomkins in New York

Bankrupt customers of Sears Roebuck, the second biggest US retailer, are to enjoy a multi-million dollar bonanza after the company admitted yesterday it had failed to follow proper legal procedures when pursuing them for their

Sears Roebuck admitted to being over-zealous in leaning customers who had defaulted on their credit card debts and offered to repay aums it bad obtained from them illegally, Analysts put

was flawed legal judgment," the company said.

The repayments will go to thousands of customers across the US. Sears Roebuck said it was in the early stages of assessing tha cost but warned that it would have a material effect on this year's earnings. The company's shares fell \$3 to \$47%, or 6 per cent, in early trading.

Sears has a very substantial in-store credit card operation with about 60m customers. It has a reputation for vigorously pursuing unpaid credit card debts by threatening to revamping its stores and turn-

Adidas, the German

sportswear group, yesterday

reported a better than expec-

ted rise in first-quarter sales

and disclosed that an invest-

ment company would sell its

remaining minority sharehold-

ing worth about DM2bn

Belgian-based Sogedim plans

to sell its 26 per cent stake to

Adidas directors and outside

investors at a price to be

announced. Adidas shares rose

3.5 per cent to DM182.50 yester-

day as the overall market

eased slightly. This put a value

of DM2.16bn on Sogedim's

Analysis were impressed by

the 43 per cent jump in first-

quarter turnover to DML7bn. which Adidas attributed to fur-

ther growth in Europe, a rise

in footwear sales and sus-

tained momentum in the cloth-

ing market. The company said first-quarter profits were likely

to be at least DM235m, up 37

results were "considerably bet-

ter" than expected. He had

forecast sales for the first

three months of DM1.6bn and

Half the shares to be sold by

Sogedim will be acquired by

Mr Robert Louis-Dreyfus,

chairman of Adidas, and Mr

Christian Tourtes, a fellow

convert their indirect holdings

in Adidas, held via Sogedim, to

Mr Heinz said this was a

direct shareholdings.

Mr Jürgen Heinz, an analyst

per cent on last year.

(\$1,1bu).

11.84m shares.

"We don't bave an excuse. It to bankruptcy bearings all over the US in an effort to protect its interests. Unlike most credit card issu-

ers. Sears has a secured interest in products bought with its card, so if customers default on their debts, Sears has the right to reclaim the goods that were purchased.

Under the US bankruptcy code, people who go bankrupt can reach voluntary agreements with creditors to reschedule their debts. Sears leaned on bankrupt customers to reschedule their credit card

Belgian investment group to sell minority stake worth \$1.1bn

Adidas reports 43% rise in sales

the figure at \$125m before tax. debts, sending debt collectors reclaim their purchases. ing the company into a star of However, these so-called the US retailing sector. Last debt reaffirmations have to be filed in court, and Sears said per cent to \$1.3bn. yesterday that it had "not been consistent" in doing so. "We didn't deserve to have those

> filed, and we now have to determine the extent to which we will refund payments. including finance charges and interest," the company said. Mr Arthur Martinez, chairman and chief executive, has

payments made to us if a re-

affirmation agreement wasn't

engineered a big resurgence in Sears Roebuck's profitability.

year, net profits jumped by 24

Mr Ed Weller, an analyst at Robertson Stephens, a San Francisco investment bank. said Sears Roebuck appeared to have calculated that it was worthwhile trying to keep the custom of former bankrupts because they were often better credit risks than other people,

having learned their lesson. what it can to keep these guys as customers. You can't screw your customers and expect

"Sears's real agenda is to do

The company is to build a 35m-litre brewery in the Indian state of Maharashtra. At present the company imports "very small" quantities of its brands into the country, but these are subject to substantial tariffs. Beer consumption in India

remains low at about 0.4 litres a bead annually, compared with 20 litres a head in China and 98 litres in Australia. However, Foster's believes that the growth in India's middle class should encourage consumption, which bas already increased by 37 per cent since

"All the signs are extremely promising," said Mr Ted Kunkel, Foster's chief executive. "The market is one in which good margins can be achieved on beer. We believe that Foster's India will be making profits for its shareholders within four years of our commencement date."

The new brewery, at Aurangabad, will be built in partner-ship with Indian investors. Foster's will have a 51 per cent stake in the joint venture, with the Kothari Industrial Corporation bolding 24 per cent. The remaining 25 per cent will be divided among other local investors, but the Australian company said details had not been finalised.

The first stage in the con-struction of the brewery which will deliver an initial 10m-litre capacity - is due to be completed later this year. The plant will probably reach full capacity by 1998. Foster's initial investment will be A\$18m (\$14.1m).

To date, the group's main China, where it has acquired holdings in three breweries and invested about A\$150m. Some concerns have been raised over the slower-thanexpected returns from the Chi-

nese investment. In the half-year to the end of December, Foster's China made a pre-interest loss of A\$10.2m, although the company said sales volumes were up by more than 37 per cent, and progress bad been made in reorganising sales and distribution arrangements

### **BoJ** backs **Bankers** Trust plan for tie-up with NCB

By Gillian Tett in Tokyo

The Japanese financial authorities yesterday gave their public support to a planned tie-up between Nippon Credit Bank, the ailing Japanese group, and Bankers Trust of the US, fuelling hopes of further links between foreign

and Japanese institutions. The Bank of Japan said it "strongly welcomed" the business tie-up and equity exchange agreement between the two groups, adding that it seemed consistent with plans for financial deregulation. The deal is the first of its

kind in Japan's banking sector and comes amid the deregulation known as Big Bang. Although Japanese banks have traditionally held crossshareholdings in each other, no western bank has entered the market this way.

ment between NCB, one of Japan's 20 largest banks. envisages only a symbolic preliminary equity swap. The two banks denied that they expected the agreement to lead to a

full merger in the near future. The equity swap will be conducted after NCB has finished its current restructuring plans.

announced last week. These plans, which officials hope will be completed before the end of June, include a Y291bn (\$2.3bn) increase in NCB's share capital. This is urgently required to ensure that the bank, which has been plagued by bad loan problems. meets Japan's domestic capital adequacy requirements.

For Bankers Trust, the new relationship with NCB is likely to be seen as a specific business opportunity, rather than a strategic relationship which will affect the broader develop-

ment of the US bank. The agreement had been under discussion since tha end of last year, bank officials said

Both banks have recently been involved in lobbying the Ministry of Finance to change the law to permit the full securitisation of assets as part of of financial deregulation, and hed discovered "mutual interests" , officials said.

Consequently, the development of a domestic securitisation business in Japan is expected to be one of the key points of their collaboration. Bankers Trust is also expected to assume NCB's overseas

assets, following an announce-ment last week that the bank intended to withdraw from overseas business as part of its restructuring plan. Banking analysts yesterday

welcomed the news, and pointed out that Bankers Trust's experience in the sale of bad debts could help NCB officad many of its bad loans. Mr James Fiorillo, banking analyst at ING Barings said: We may see more tie-ups between foreign and Japanese banks because Japanese banks

are likely to have to abandon overseas operations and because deregulation is likely to open the Japanese market." However, analysts pointed out that a full-scale merger remained unlikely - and that it remained to be seen how close the collaboration would prove. Ms Alicia Ogawa, of Solo-

mon Brothers said: "We do not feel that foreign financial institutions will be major players in the Japanese market in the short or medium run."

Lex, Page 17



Chairman Robert Louis-Dreyfus: pulled Adidas out of the difficulties it met in the early 1990s

pany". BZW Deutschland said when Adidas went public with profits on the shares, which it abould reassure investors a DM2.1bn share issue in 1995. that Adidas's prospects were

still good. director. Both men will thus with Adidas in 1993 when it tional investors and German bought 95 per cent of the com- retail investors. This will come pany from Mr Bernhard Tapie, the French businessman and former politician. This stake was reduced to 26 per cent

Adidas said the other half of Sogedim'a shareholding would Sogedim became involved be sold to international institufrom the holdings of Sogedim's private investors who have no management and want to take

were first issued at DM68. Under the chairmanship of Mr Louis-Dreyfus, a former chief executive of Saatchi and Saatchi, the UK advertising group, Adidas has recovered from its difficulties of the early 1990s, revamped its product connection with the Adidas range and become more aggressive in its marketing.

### vote of confidence in the com-Dresdner to run investment arm from twin centres

Dresdner Bank, Germany's second largest bank, yesterday unveiled plans to strengthen control of its investment banking business by splitting responsibilities batween London and Frankfurt.

The bank also said it wanted to expand further in asset Both activities are central in

the bank's drive to improve profitability and win market share at bome and abroad. Mr Jürgen Sarrazin, chairman, said the structure of its operating profits - up 44 per cent to DM2.9bn (\$1.68bn) last year, with a gain of more than 10 par cent in the first two months of 1997 - still had to be improved. Net income in 1996 rose 31 per cent to DM1.58bn.

He said Dresdner, which paid 21bn (\$1.62bn) in 1995 for Kleinwort Benson, the UK investment bank, did not want to concentrate its investment banking activities in one place. It aimed to build on its strengths in different centres such as Frankfurt, London and

Differences of opinion over how to achieve the group's goals led recently to the surprise resignation of Mr Simon Robertson as executive chairman of Kleinwort. Mr Robert- pean single currency. son was a strong advocate of running investment banking from the UK.

Under the new plans, the global corporate finance and interest income, against 38 per equities businessea of the cent five years ago. Commis-Dresdner Kleinwort Benson sion income - fees from securiinvestment banking unit will ties trading and other chent be handled from London, but business - benefitted from the global finance will be managed first-time inclusion of Klein-Big Bang Link, Page 18 from both London and Frank-

By Andrew Fisher in Frankfurt furt and the latter will look after global markets. Banque Internationale de Placement tha Paris-based derivatives aubsidiary, will come under the new structure. Overseeing global invest-

ment banking will be a 15-man management committee. in asset management, Mr Sarrazin said Dresdnar's expansion was not at an end after last year's \$300m purchase of San Francisco-based

eye on the UK and other markets. Mr Eberstadt said "we still have a corner to fill" in the UK. Following the reorganisation of its non-German asset management business, he said some UK asset management

companies had expressed an

RCM Capital management

Dresdner was keeping a close

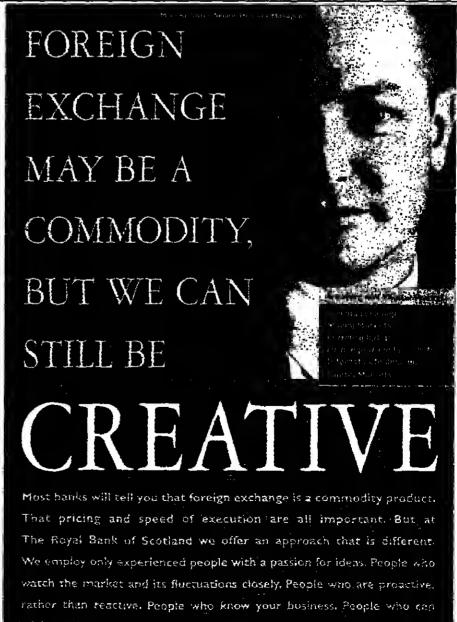
interest "in coming under our roof". Dresdner's amhitions in investment banking and asset management are part of its plans to develop advisorybased business, revamp its retail banking network and invest in new technology. Mr Sarrazin spoke of "considerable investment costs" in coming years. The bank invested

between DM300m and DM400m

last year in expansion, includ-

ing preparations for the Euro-

He noted that commission income (up 35 per cent last year to DM4.13bn) was equivalent to some 60 per cent of net



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# Lend Lease buys Equitable unit

By Nikki Tait in Sydney

Lend Lease, the Australian financial services group, announced yesterday that it was paying US\$400m to acquire Equitable Real Estate Investment Management, the property subsidiary of the Equitable insurance group in the US.

ERE has been described as the largest manager of property equity and mortgage investments in the US. Property assets under management are put at about US\$25bn, and the portfolio

Its customers include private and public pension the Equitable's US\$10bn general account portfolio. Earnings before tax were US\$56m in 1996, although Lend Lease conceded that they had been uneven over the past five

The Equitable said the disposal was part of a longrunning strategy to maximise shareholder value. This has already involved initial flotations for Donaldson, Lufkin & Jenrette, its securities house, and Alliance Capital Management, its fund subject to New York State

trolling stake in both. Lend Lease said it would

funds, and it also manages fund the deal by a mixture of cash and debt, including an aight-year US\$100m note which it will issue to the seller. It indicated its own gearing would rise to about 17 per cent as a result, bot it expected the deal to be positive in terms of earnings per

in early January, Lend Lease confirmed that it was acquisition of the Equitable subsidiary, but the deal was

customer base.

longer term.

are banned.

debts. However, in coming

weeks it is expected to issue

more debentures. Concern

plan, with further financing

sver, the other Japanese

banks have been slow to

prompted irritation in some

banking quarters about pro-

viding funds to an institu-

tion that may yield profits

The issue now is whether

for a foreign rival.

ledge their support. Yesterday's announcement also insurance department approvals and Hart-Scott-Rodino review, but is expected to close by the end of June. The addition of the Equita-

bla assets will mean Lend Lease has about US\$35bn of assets under management, across five continents, making it one of the world's largest property management businesses. It plans to merge its existing Yarmouth propment business in the US with ERE once the acquisition is complete, and Mr George Puskar, ERE's chair-man, will head the merged

Lend Lease declined to detail the terms or length of its agreement with Equitable over ongoing management of the general account portfolio, although Mr David Higgins said it provided "sufficient comfort".

Included in the ERE acquisition is the Compass Management and Leasing unit. which handles office and industrial property across the US, Europe, and South America, and the Compass Retail arm. However, Lend Lease will not be buying ERE's 50 per cent interest in the Column Financial mortgage securitisation company

### **Disposal** of ships **bolsters** Orient

Orient Overseas, the Hong Kong shipping group, yesterday announced net profits of US\$109.5m for 1996, a rise of 68 per cent. as exceptional gains on the sale of ships boosted operating

Mr C. C. Tung, who took over as chairman at the end of last year following the selection of his brother, Mr Tung Chee-hwa, as Hong Kong's post-colonial leader, described the performance as a good result in the face of deteriorating market

"This puts the group in a strong position to weather difficult business conditions due to additional capacity from large container vessels," Mr Tung said. "New capacity will continue to enter the market in 1997-98 and the operating environment in certain major trading routes is expected to be more difficult than in recent

He cited the Asia-Northern Europe and Asia-North American west coast routes as the toughest markets. Mr Tung said the group had been at the forefront of moves to cut costs and was benefiting from strategic alliances, including a partnership with American President Lines.

Turnovsr during the period rose by 12.6 per cent to US\$1.88bn, while operat-ing profits before financing costs increased from US\$92.9m to US\$103.1m.

The sale of eight vessels yielded an exceptional profit of US\$57.7m for 1996, compared with a gain of US\$2.4m the previous year. Gearing fell from 40 per

cent to 30 per cent at the end of last December. Three new vessels with capacity of 4,960 TEUs (twenty foot equivalent units) were delivered last

year, along with a smaller

vessel. Two more 4.960 TEU ships are due in the group's fleet renewal programme. : sels enabled lower operating costs and improved efficiency, and would help combat rising competition and excess capacity on certain

Partly as a result of the rising competition in the shipping sector, Orisnt Overseas has been diversifying its businesees and expanding into the mainland market.

The company announced a final dividend of 1.6 US cents, giving a total dividend of 2.6 US cents, up 25 per cent on 1995.

ASIA-PACIFIC NEWS DIGEST

# Final bids in for Australian airports

All six remaining bidders for the three main Australian airports due to be privatised submitted final offers yesterday, although the results of the auction may not be known for several weeks.

The auction is for the Melbourne, Brisbane and Parth airports. It represents the first tranche of the planned privatisation of all 21 airports run by the Federal Airports Corporation. There has been strong interest in the properties, which are being sold on a long-lease basis, and it is estimated that the sale of the first three could raise about A\$2.5hn (US\$1.95bn).

The remaining bidders are Australia Pacific Airports Corporation, a consortium comprising BAA, of the UK, the AMP and Axiom Funds Management; Australia Airport Services, made up of Australia's Brambles and Lend Lease groups and Ireland's Aer Rianta; and a group headed by Macquarie Bank and including Manchester Airport and the Serco group. Each consortium has expressed an interest in all three properties.

A fourth group, Airport Group Australia, which takes in Lockheed Martin, of the US, and Soros Capital, is interested in Perth, while Queensland Airport Corporation, which involves Bankers Trust, Hastings Fund Management and some local Queensland investors, is seeking to acquire Brisbane. A partnership between Commonwealth Bank and Schipol, of the Netherlands, is interested in both Perth and Brisbane,

Advisers are likely to review the final bids over the

### Ranbaxy profit growth slows Ranbaxy Laboratories, the leading Indian pharmaceutical

manufacturer, has reported a slowdown in profit growth The company, which sells its products in 45 countries and has manufacturing operations in seven, lifted net

profit 11 per cent in the year to March from Rps1.35bn to Rps1.49bn (\$41.6m). This compared with a 26 per cent increase in the previous year.

However, sales exceeded Rps10bn for the first time, ising 22 per cent to Rps10.65bn. Tany Tassell, Bombay

### San Miguel dismisses fears

San Miguel, the Philippine food and beverage giant, yesterday denied that its recent sale of a majority stake in its Coca-Cola bottling subsidiary to Australia-based Coca-Cola Amatil (CCA) would hit 1997 earnings, following negative market sentiment towards the deal-San Miguel's B shares have fallen as much as 16 per cent since the restructuring was announced last Thursday,

before recovering to close yesterday at 80 pesos. The company said the deal would enable the group to participate more fully in the global growth of Coca-Cola. Justin Marozzi, Manila

### Hitachi and Toshiba link up

Hitachi and Toshiba, two of Japan's largest integrated electronics companies, have agreed to link up in

next-generation high-speed networking products. The deal represents a rare collaboration between the two companies, which have competing products in most segments of their businesses, from semiconductors to heavy electrical machinery and telecoms equipment. Although they have reached broader industry agreements, this is their first product alliance.

Under the deal, which covers high speed networking products for the Internet and intranets, Hitachi will provide Toshiba with switches for corporate use, while Toshiba will supply Hitachi with cell switch router technology and CSR controllers.

The two companies hope to expand their alliance to joint product development. Michiyo Nakamoto, Tokyo

### **Groups form Internet alliance**

NTT Data, MCI and BT have agreed to co-operate in internet services. The three companies are linking up initially to provide a global Internet dial-roaming service which would allow users to access the Internet easily outside their home country.

NTT Data said the new service would be priced at about monthly fee of Y300 (\$2.37) and an access fee of Y900 an hour – significantly less than the international phone call charge that travelling users generally have to pay.

# Big Bang link leaves cloud of speculation

The Bankers Trust/NCB deal cheered investors but its real effect is unclear, writes Gillian Tett

s the business tie-up was announced between Nippon Credit Bank and Bankers Trust, the US group, yesterday in Tokyo, some senior Japanese financial officials could barely conceal their

This is precisely the sort of thing that we hope that Big Bang will be about - it shows Tokyo is open to foreign involvement," one said. Their pleasure is under-

standable. In recent months, the reformers in Japan's financial circles/have fought hard to promote two messages: first, that Big Bang will make the Japanese market more "global"; and second, that it will provide a smooth exit from the Japanese banking sector's deep

Yesterday's tie-up appeared, at a stroke, to provide neat backing for both

It is the first such deal to have been struck between a Japanese bank and a foreign institutioo - and has raised hopes that more might follow. Furthermore, It has collapse of the group could threaten the broader financial system.

These points yesterday helped push the stock price of NCB up by the maximum allowed in a day. It closed Y50 higher at Y218.

But two crucial questions remain. The first is the degree of Bankers Trust'e real involvement in NCB and in particular the management of the bank. The second is whether the proposed tie-up will really allow NCB to develop new business opportunities in a Japanese lending market that is increasingly over-banked.

On the first point, some issues remain unclear. According to the details announced yesterday, the groups have agreed an equity swap, probably in the next two months. This is unprecedented in Japan. However, the amount of equity to be exchanged will be only "symbolic" - probably less than 1 per cent, says Mr Noboru Sakata, NCB

senior managing director. Both NCB and Bankers Trust were at pains to counter suggestions that their tie-up was a "merger", let alone a takeover.

Both sides also dismissed suggestions that Bankers Trust would participate in the emergency capital increase is now planning. This seeks to raise an additional Y291bn (\$2.3bn) of capital in the next month to prevent the group - saddled with Y1,260bn of bad loans from property lending dropping beneath domestic

capital adequacy ratios. Instead, they insisted that the reason for the tie-up was face fresh problems. boosted investors' faith that to collaborate in two main the troubled NCB might areas. The first is NCB's the bank showing that it can have a viable future - and overseas network, after its raise the extra Y291bn capimonth that it would withdraw from this. Bankers Trust is expected to ensure continuity of business for NCB's overseas clients' assets - although Mr Sakata says it is still unclear whether Bankers Trust will then buy NCB's overseas

> The secood area is in the domestic market. Both groups hope to expand into securitisation, which has been largely undeveloped in Japan. Such a strategy could yield





NCB headquarters (top) yesterday. Despite joy among Jananese financiers, the bank still has hurdles to jump Rute

the deal will prompt similar tie-ups. Most analysts suspect Japanese banks are still too overvalued, and their bad debt levels too uncertain, to tempt many outside

banker in Tokyo said: "There are going to be a lot of people watching and wondering now - I would not think that anything can be ruled out."

# Taiwan Semi to invest in new plants

By Laura Tyson

to bolster its position as the world's leading pure foundry chip maker by investing T\$400bn (US\$14.5bn) over the next decade in edvanced technology chip plants.

water fabrication plants in a new science park in sonthern Taiwan. demonstrating confidence in the future of the semiconductor sector despite a downturn over the last

ment hold stakes of 34 per cent and 21 per cent, respectively, in TSMC. which was founded in 1987.

The announcement is also an important boost for the Tainan Science-Based Industrial Park, which broke ground last year and is modelled un a highly successful high-tech park founded in the early 1980s in northern Hsinchu. "The plan shows Taiwan Semicon-

ductor's commitment to Taiwan and its commitment to stick with its

The company has said it would build abreast of technological advances

T\$80bn plant to make 12-inch semiconductors and a T\$40hn factory to make eight-inch wafers. As a dedicated foundry service,

TSMC does not design integrated circuits but manufactures on contract according to blueprints supplied by design houses and chip makers.

Guangdong Development sion of consumer credit. In

other international credit to grow that part of the

energetically" to bring its long-term a new plant every 18 months to stay investment plans in line with the government's policy of developing and rising demand. southern Taiwan. The planned facilities include a The cluster of wafer manufactur-

ing sites and research and development facilities is expected to employ 5,000 people - more than doubling the company's current workforce

TSMC said it expected the global microchip market to grow to US\$300bn by 2000.

B

# Plastic cards gain Chinese acceptance

Bank, edding to the only

card issued in China - a US

dollar card issued by Indus-

trial and Commercial Bank

The credit cards are issued

of China.

n Asia, consumers tend to use cash – more than . 92 per cent of sales transcash and in China the proportion is even higher. Such cultures promise

"unbelievable growth" to Mr Edmund Jensen, president and cief executive of Visa International, which has expanded exponentially in the region as Asian consum ers convert in drovas to credit and debit cards.

In an interview, be frequently repeats a favourite statistic: Visa transaction volumes have grown about 25 per cent a year for ths past three years, while consumption levels have only grown approximately 5 per

"Our growth has been displacing cash, not extending credit," he says, explaining how Visa card transaction volums in Asia-Pacific grew to \$171.8bn in the year to December 1996.

In China, Visa's volume grew to \$59.3bn in 1996 and the number of Visa cards in issue rose to 11.9m. up 45 per cent on the previous year. Of those, the vast majority are

debit cards, with credit cards first Hong Kong dollar-based ernment is very wary of numbering only a few credit card, issued by the starting out with an expan-

company is pushing further

Vise describes current sales as "a drop in the bucket" and this week the

Today, more than 100 in foreign currency because ress in the credit card busi-

issued in China by 2003, says James Harding

That is only one reason, its first affinity card with a card business. Beijing has

Asia-Pacific, says: "In most week, Visa announced the

The People's Bank expects 200m cards to be

China, they are not looking

economy and also there is no

credit checking, no credit

scoring, so the credit growth

Mr Jensen forecasts prog-

is very slow."

Visa's competitors -

Visa, which has been in China for eight years, is trying to expand its presence by helping the People's Bank of China, the central bank, with its "Golden Card Project". China's vision of e

The project would catapult China to a level of cashless payment that surpasses that of many western economies. The Golden Card involves a chip card system intended to let", offering credit, dabit and stored value for paying bills or making purchases over the Internet. Mr Jensen believes China can "laapfrog" Western

countries, because it "does not have the baggage of existing infrastructure". His colleague, Mr Goggin, suggests such a leap is not only possible but likely, given the analogy with cellular telephones, which took off more quickly in Asia than in Europe, where people were already tied to land lines.

By 2003, the People's Bank forecasts that more than 200m payment cards will been issued in China. Given that Visa has issued 550m cards after 25 years in the business, Mr Jensen sug-gests China's targets are "ambitious", but "three years ago, we were talking about a few million cards, now there are 40m, so 200m is attainable by 2003".



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FINANCIAL PRODUCTS 552

### year. Philips, the Dutch electronics long-term strategy regardless of Mr Donald Brooks, TSMC presiconcern, and the Taiwan governindustry cycles," one analyst said. dent, said the group was "moving

Taiwan Semiconductor (TSMC) aims The company plans to build six

into the Chinesa markat with publicity-oriented

Shanghai outlets will be authorised as Visa outlsts, expanding the web of Chinese hotels, restaurants and shops now accepting plastic from the growing number of international tourists.

Yesterday, Visa launched cultural institution - the Shanghai Museum Dragon Affinity Card, a debit card issued as a partnership between the China Construction Bank and the Shanghai Museum, Shanghai's beacon of cultural regeneration.

At the beginning of this

until China introduces full currancy convertibility, international credit cannot be authorised in Chinese

though, for the sluggish development of the credit been concerned about fostering a credit boom in China's increasingly commercial culture and, as a result, ICBC has issued less than 3,000 credit cards.

Mr Dennis Goggin, president of Visa International

ness: "Debit cards are growing very rapidly here and after the banks get that card base, they move into opening lines of credit for

Mastercard and American Express - are equally excited by that prospect.

modern, electronic cashless

# Aon in talks to purchase Minet

By Christopher Adams. Insurance Correspondent

Aon, the acquisitive international insurance broker, is in advanced talks on the purchase of Minet, the loss making UK broker owned by St Paul Companies, the US property and casualty insurer.

A deal would end St Paul's months-long search for a buyer. Aon's main rival, US-based Marsh & McLennan, tabled an offer earlier this year and completed due diligence only a few weeks ago.

Aon might be prepared to pay between \$50m and \$100m for Minet. which made a \$13m loss on income

The UK broker would join two information about the broker. other large global brokers in Aon's Patrick Ryan, chief executive, Chicago-based Aon has pursued a strategy of building critical mass vary quickly in a mature area of financial services where margins are slim and consolidation is accelerating.

Earlier this year, It bought US rival Alexander & Alexander for \$1.23bn. It acquired Bain Hogg from inchcape for \$252.9m last October. The speed with which it was able to make an offer for Minet was in part a result of its purchase of Alexander & Alexander, which had itself been in talks with St Paul about buying Minet and had detailed

Marsh & McLennan is thought to rapidly expanding stable. Under Mr : be concerned over the cost of managing Minet's liabilities. The UK bro- an estimated tax benefit of \$266m ker's chief strength is the professional indemnity insurance it brokers for the so-called "Big Six" accountancy firms and US solicitors. This can be costly to service over an

extended period. Marsb & McLennan announced only last month the \$1.8bn acquisition of Johnson & Higgins, another large global broker based in the US. Its involvement with Minet had followed buy-out proposals from Minet's own management.

this would result in a pre-tax loss of \$250m.

However, the charge was offset by from the sale, since Minet's federal income tax carrying value is higher than book value.

It had appointed Goldman Sachs to look at the company after restructuring failed to turn it round. Analysis said over-expansion in the highly competitive US retail market had contributed to the losses.

St Paul bought the 74 per cent of Minet it did not already own for \$515m in 1988, when Minet employed 4,000 people and had about 100 St Paul announced last October its offices. In 1993 St Paul wrote off intention to sell Minet, estimating \$365m of goodwill attached to Minet.

dation of the Brazilian bank

ing industry, with the large number of small banks con-

Foreign banks are likely to

play a large part in this pro-

cess. In choosing to accept

HSBC's offer for the ailing

Bamerindus, the Brazilian

central bank has sent out a

strong signal about its will-

ingness to let foreign groups

play an important role in the

banking system - a position

that would have been

nnthinkable even a few

years ago. It hopes the pres-

ence of foreigners in retail

banking will increase credit

Following similar take-

overs of Banco Nacional and

Banco Econômico, the sale

of Bamerindus solves the

last of the significant prob-

lems facing the large private

The main issue still to be

resolved is the future of

Banespa and Banerj, the

state-owned banks of São

Paulo and Rio de Janeiro.

HSBC will be hoping for

speedy privatisation of both.

as this would likely be

to small businesses.

banks in Brazil.

their larger rivals.

### Record start to year for Chrysler

By Haig Simonian, Motor Industry Correspondent

Chrysler yesterday reaffirmed its position as the smallest, but most profitable, of the "Big Three" US car companies by announcing record sales and profits for the first quarter.

Pre-tax profits rose 2 per cent from \$1.67bn to \$1.70bn as sales climbed 8 per cent to \$16.1bn. Earnings per common share jumped from \$1.32 to \$1.46.

However, analysts warned that prospects for the full year remained clouded. The recent rise in US interest rates, and expectations of further increases this year, have hit carmakers' shares on fears that rate rises may depress sales. tinning to be mopped up by

Chrysler also faces stiffer competition from new entrants to its two strongest product areas of sports ntility vehicles and pick-np

"We're optimistic as we enter the spring selling season and we continue to maintain our US industry sales forecast for the 1997 calendar year at 15m to 15.5m units, assuming the economy holds and interest rates don't increase substantially," said Mr Bob Eaton, chairman.

He expressed confidence in the outlook, in spite of rising Japanese competition because of the weak yen and capacity constraints at some Chrysler plants. The company said it had raised its North American production plans for the second quarter by 1.2 per cent to 794,100

units. . Chrysler continues to be hnoved by its relative strength in light trucks and sports utility vehicles - two of the fastest growing seg-

accompanied by branch cloments of the US car market. The company this week announced it would spend \$1.3bn over the next five years to raise capacity at a number of US factories to meet demand. The bulk of the investment will go on the Jefferson North plant in nopular Jeep Grand Chero-

> Sales in the US and Canada in the first quarter fell from 644,678 to 626,844 units, reducing Chrysler's market share from 16.3 per cent to 15.6 per cent. The average incentive required to sell vehicles rose from

> greater competition. However, the fall in North

the region.

### AMERICAS NEWS DIGEST

## General Electric meets expectations

General Electric, the largest US company, yesterday unveiled net profits of \$1.67bn for the first quarter, an increase of 11 per cent. Earnings per sbare were ahead 12 per cent to \$1.02, reflecting the company's aggressive \$13bn share repurchase programme which started in December 1994.

Increased globalisation, and strong sales by the company's equipment division, belped drive revenues up 18 per cent to \$20.2bn for the quarter, compared with the equivalent quarter of 1996, while the operating margin increased to 14.3 per cent.

The results were accompanied by continued bullish predictions from the company's chief executive, Mr John Welch, who said the company was well positioned to deliver "another year of record performance". However, the earnings figures were exactly in line with conser analysts' estimates, and the company's share price fell \$1/2 in early trading to \$1011.

Only two of the company's 12 divisions - materials and medical systems - failed to increase earnings against the equivalent quarter of 1996. The strongest growth came from GE Capital Services, the group's acquisitive financial services subsidiary - which bought the Coregis property and casualty insurance business from Xerox during the quarter - as well as from power systems. which was strengthened by exports to emerging economies, and from its aircraft engines subsidiary.

NBC, its US television network, also increased earnings and maintained its ratings lead over the other US networks. However, its earnings growth was relatively slow. GE attributed this to the loss of this year's Super Bowl, the climax of the US gridiron football season and the nation's most watched televised event, to the rival John Authers, New York

### Compaq agrees Microcom buy

Compaq Computer, the world's largest personal computer manufacturer, is to buy Microcom, a Massachusetts-based maker of remote access technology products, for about \$280m, or \$16.25 a share, in cash,

Compaq said it would combine Microcom's modem and ccess technologies with its experience in NT platforms to levelop remote access price/performance advancements.

"Development of the strategically important and rapidly growing remote access market is a top priority in Compaq's move to expand its communication products business," said Mr Alan Lutz, senior vice-president of Compaq's communication products group. Compaq estimates demand for remote access servers will grow from \$3bn in 1996 to \$8.3bn in 2000.

In a separate move earlier this week, Compaq said it was moving to "build to order" manufacturing in an attempt to cut stock costs further. Compaq's stock of parts and finished goods was valued at \$1.6bn at the end of 1996, down from \$2.6bn a year earlier. Mr Eckhard Pfeiffer, president and chief executive, said the new strategy was essential to the company's success.

Compaq is implementing the plan in the US and Australia beginning in May, followed by the rest of the world during 1997, in the US, Compaq aims to have 80-90 per cent of PC sales "built to order" by the end of the

Analysts, who have sometimes been critical of Compaq's high levels of inventories, praised the move. Geof Wheelvright, Houston

### Quaker Oats sees growth

Quaker Oats, the US foods group, expects first-quarter cents, driven by volume growth from Quaker's name-brand and bagged ready-to-eat cereals, double-digit volume growth in US Gatorade products, and volume growth in hot cereals. Quaker said earnings per share would be at least equal to last year's 22 cents, which excluded a one-off gain on the sale of the company's Italian foods business. The 1997 first quarter outlook excludes a one-time loss of about \$8.40 a share from the anticipated sale of Snapple this year. Reuter, Chicago

### TCI abandons spin-off plans

Tele-Communications Inc, the largest US cable company, has scrapped plans to spin off three subsidiaries, citing a ruling by the Internal Revenue Service that the spin-offs would not be tax-free to shareholders. The IRS had requested that the estate of Mr Bob

Magness, the TCI chief executive who died in November 1996, agree not to dispose of its stock after the spin-off. However, the estate was unable to make such an undertaking because of its fiduciary duties to the beneficiaries, and accordingly, the IRS determined not to provide the three tax-free rulings the company had

# Foreign banks vie for pole position

Geoff Dyer follows the race for market share in Brazilian financial services

ith fortuitous tim-ing, HSBC enjoyed a high profile at the Brazilian grand prix. As one of the sponsors of the Jackie Stewart motor racing team, the international banking group's logo was prominently displayed on the car of local boy Rubens Barrichello, one of the race'a star attractions.

On the same day, the group took out full-page advertisements in Brazil's national newspapers, assuring customers that it would be business as usnal at Banco Bamerindus, one of to make more than 40 per the country's five largest cent of their profits from the banks, which HSBC bought time lag in between receivfor US\$1bn at the end of March.

largest and latest evidence of This has left rich pickings the increasing interest from for well-capitalised foreign international banks in Bra- banks. zil, following simllar announcements in recent the fact that the stabilisation weeks from the UK's Lloyds TSB and Banco Santander, of Spain.

brought inflation under con- says. trol have set off a consumer prevented long-term financial savings," says Mr David Thomas, president of Lloyds banks had taken the view Bank in Brazil.

up 1

HCC

the era of high inflation used 'private banks, nearly half of cient." Santander bas new impetus to the consoli- laps.

J. P. Morgan reported a

slight year-on-year drop in

net income in the first quar-

ter of 1997, but still managed

to beat analysts' estimates.

However, the results high-

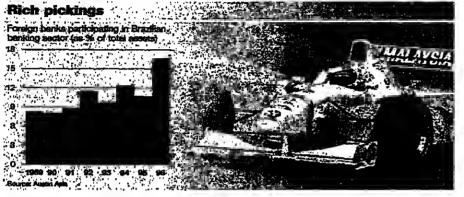
The second quarter of 1996

was particularly strong, with

By Tracy Corrigan

in New York

this year.



ing and paying funds, have March. been severely weakened by HSBC's investment is the new economic stability.

"The investment reflects plan has matured. Peopla now have confidence that we are seeing sound economic Economic reforms that management," Mr Thomas

However, HSBC's announboom, leading to strong cement - and the news that demand for financial ser- Banco Santander is to take vices products. Hundreds of a majority stake and invest thousands of Brazilians have up to \$220m in Banco Geral found themselves able to da Comércio - represent open a bank account for the the first forays by foreign first time. "Hyper-inflation groups into retail banking in

Until recently, foreign

most firms' first quarters -

has already damped under-

results in the capital mar-

kets this quarter, but you

Hanbury, bank analyst at-

J.P. Morgan's net income

Schroder Wertheim.

"We expect very good

writing activity.

lighted the difficult earnings have to think that the next

comparisons that banks and couple of quarters are not

securities firms involved in going to be anywhere near

the capital markets will face as easy," said Mr James

the banking system is still in anthorisation to open up to the hands of federal or statecontrolled banks, which have captive client bases and less than accountable managements. A few foreign institutions

such as Citibank and Bank of Boston, of the US - have small branch networks. However, these are aimed at the top end of the market; most foreign banks have chosen instead to focus on niche sectors in consumer banking, such as credit cards or financing car sales.

ut both HSBC and Santander believe they have a trump card in more sophisticated and cheaper technology. Mr Jaima de Pinies, a managing director with Santander International, says: "We have the ability to that the mainstream retail transfer our technology sys-At the same time many market was too crowded. As tem from our existing net-

ditions. The recent market same quarter of 1996 as a a year ago at \$1.19bn,

weakness - since the end of result of higher operating reflecting "investments in

expenses, though it was \$5m

higher than in the previous

The investment bank had

reported "exceptional" fixed

income results in the first

. Earnings per share of \$2.04

per share, comfortably ahead

\$1.92, were in line with those

of the previous quarter.

quarter.

quarter of 1996.

heavy issuance of securities of \$424m in the first quarter expenses were 10 per cent 15.7 per cent, compared with ing competitors.

Mr Michael Geogbegan, the new president of HSBC

Bamerindus, which has more than 1,200 branches, says the group will have an edge over the local competition in providing services such as telephone banking. He also believes that the HSBC group's international network will attract more corporate business to Bamerindus. "We already do business with 300 of the top 500 Brazilian companies around the world," he says.

Brazilian analysts agree that even the best local sures, leaving more room for banks have a long way to go expansion in urban areas. in terms of improving service and reducing bureau-

ing, equities, investment

than a year ago, at 15,483.

Heavy investment in the

Like the other foreign banks, HSBC has placed a cracy in branches. However, large bet on Brazil's ability they point out that one of to maintain low inflation the legacies of byper-infla- and steady economic growth. tion was a high degree of The group will also be hop-technological sophistication. ing for better luck on the Bankers believe that com- race track: Rubens Barri- Detroit, which builds the ition from HSBC will give chello pulled oot after 15

most investment banks.

more for shareholders.

areas targeted for growth, the low side", said Mr Han-

including investment bank- bury, at Schroder Wertheim,

management, and private cli- with the margins", adding

ent services", the bank said. that the recent stock buy-

At the end of the quarter back was a sign that man-

Return on equity was "on

"but there is nothing wrong

The return on equity is

kee model. JP Morgan lower but beats forecasts

\$640 in the first quarter of 1996 to \$705 in the same period this year, reflecting

American sales was offset in part by a 4 per cent rise to 55.601 in unit sales outside

there were only 50 more staff agement was willing to do Chrysler is investing heavily to raise tts internaof analysts' estimates of development of its invest- also depressed by J.P. Mortional presence, with new ment banking business has gan's use of capital to secure factories under construction hit J.P. Morgan's return on a credit rating higher than in Brazil and Argentina and However, operating equity, which is running at most of its investment bankan expansion of its capacity

# IS READY FOR THE NEXT MILLENNIUM The undersigned advised the balance-sheet reconstruction and refinancing GRANARIA 9 FINANCE

FORD MOTOR CREDIT COMPANY U.S.\$ 300,000,000 FLOATING RATE NOTES due April 10, 2001

interest Period: April 10th, 1997 to July 10th, 1997 (91 days) interest payment date: July 10th, 1997 Interest rate: 5.96641% per annum

Coupon amount : US \$ 150.82 per note of US \$ 10,000 US \$1,508.12 per note of US \$ 100,000 Agent Bank BANQUE INTERNATIONALE À LUXEMBOURG



STEFANEL S.P.A. Capital Stock: Lire 107,250,300,000 fully-paid Head Office: Ponte di Piave-Via Postumia, 85 (Treviso), Italy Treviso Company Register n.15576 Treviso R.E.A. n.154803 Tax Code: n.01413940261

NOTICE OF ANNUAL GENERAL MEETING

and favourable trading con- was down from \$439m in the higher than the same period more than 20 per cent for

The Annual General Meeting will be held at 11.00 a.m. on April 30, 1997 at the Company's registered office, Via Postumia 85. Ponte di Piave (Treviso), or in the second calling if necessary at the same time and place on May 9, 1997, to consider the following

1) Reports of the Board of Directors and Board of Statutory Auditors; financial statements as of and for the year-ended December 31, 1996; associated resolutions:

2) Fixing of the collective remuneration of the Board of 3) Proposed purchase and disposal of treasury shares;

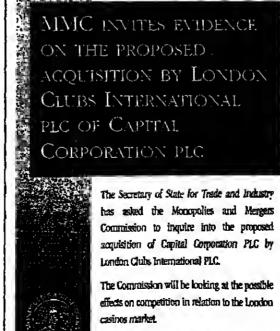
4) Proposed engagement of audit company to audit the financial statements for the semester ending June 30, 1997, in compliance with CONSOB Communication No. 97001574 of February 20, 1997.

Stockholders wishing to attend are required by law to deposit their share certificates at the Company's registered office or at the following banks/offices:

Banca Commerciale Italiana, Banca di Roma, Banco Ambrosiano Veneto, Istituto Bancario S.Paolo di Torino, Banca Antoniana Popolare Veneta, Cassamarca, Banca Popolare FriulAdria, Banca Nazionale del Lavoro, Banca Monte dei Paschi, Morgan Guaranty Trust Company, Girozentrale und Bank der Osterreichischen Sparkasse A.G., Delta Erre S.p.A. or with Monte Tholi S.p.A. in respect of the securities they administer.

Ponte di Piave, March 26, 1997

STEFANEL S.P.A. For the Board of Directors Giuseppe Stefanel



has asked the Monopolies and Mergers Commission to inquire into the proposed acquisition of Capital Corporation PLC by

effects on competition in relation to the London

Anyone wishing to submit evidence or to obtain a copy of the terms of reference should write to: The Reference Secretary (London Clubs/Capital Corp-FT), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 21T. Any evidence should be submitted as soon as possible, but no later than 30th April 1997.

FOCUSING ON THE PUBLIC INTEREST.

### BANQUE NATIONALE DE PARIS

A corporation with a capital of F5, 185,874,825 Registered Office: 16 boulevard des Italiens - 75009 PARIS Paris Trade and Companies Register 8 662 042 449

Notices of Convening

Since the General Meetings of the Shareholders in connection with the corrowings indicated below of RANQUE NATIONALE OF PARIS were mable to make decisions on April 7 and April 8, 1997, due to lack of a quorum, the bondholders are again called upon to meet in the form of General ings at the Registered Office of SANQUE NATIONALE DE PARIS, 1-3 rue Laffine, Paris 75009, in room 217, on the following dates and at the

April 16, 1997 at	10.45 am	for the bond issue	CAD	7.5%	93/99
April 16, 1997 at	11.00 am	for the bond issue	CAD	9.0%	91/97
April 16, 1997 at	11.15 am	for the bond issue	CAD	9.0%	94/99
April 17, 1997 at	9,00 am	for the bond issue	AUD	10.5%	92/99
April 17, 1997 at	9.15 am	for the bond issue	CAD	8.5%	94/97
April 17, 1997 at	9.30 am	for the bond issue	ÇAD	6 3/8%	93/97
April 17, 1997 at	9,45 am	for the bond issue	usn	FLR	86/XX
April 17, 1997 at	10,00 am	for the bond issue	USO	6.0%	92/99
April 17, 1997 at	10.15 am	for the bond issue	CAD	8.75%	92/2002
April 17, 1997 at	10.30 am	for the bond issue	CAD	7.75%	93/2003
April 17, 1997 at	10.45 am	for the bond issue	ITL	10.85%	93/2003
April 17, 1997 at	11.00 am	for the bond issue	AUD	9.0%	92/2002
April 17, 1997 at	11.15 am	for the bond issue	UŞO	FLR	85/97
April 17, 1997 at	11.30 am	for the bond issue	GBP	6.25%	94/99
April 17, 1997 at	11.45 am	for the bond issue	usn	FLR	93/2003
April 17, 1997 at	2.00 pm	for the band issue	usn	6.0%	92/97
April 17, 1997 at	215 pm	for the bond issue	CAD	8 3/8%	93/2003
April 17, 1997 at	2.30 pm	for the bond issue	usn	FLR	92/2002

order to make decisions on the same agenda, as follows:

Report by the Board of Directors concerning the partial assets by B.N.P. to its subsidiary B.N.P. Gestions of all of its assets connected with the operation of its business relating to managing securities portfolios for third parties.

Approval of the said conveyance operation

To attend or to have themselves represented at the said meetings, the holden of registered bonds will have to be recorded in a company account at least five days before the meeting date. By the same deadline, the owners of bearer bonds will have to prove, to the

satisfaction of domicile establishments, that their securities are frozen at a mark a credit establishment or an investment company. The fillines made and the proxy forms issued with a view to the meetings of April 7, 1997 and April 8, 1997, remain valid for the meetings being called by

The Board of Directors

# Rise in VW sales spurs shares surge

By Graham Bowley in Wolfsburg

Volkewagen, Europe's higgest carmaker, consolidated its recovery yesterday with a charp increase in first-quarter sales.

The upbeat figures pushed VW shares through DM1,000 for the first time after the company, dogged by allegations of industrial espionage and bribery, announced unit sales up by 9.5 per cent against the same quarter

last year. VW'e shares later fell back, hut ended up DM54.50 at DM996

Although the company gave no profit figures for the first quarter, Mr Ferdinand Piēch, chairman, said: "Already it is better than

The upbeat first quarter, in spite of weak growth in VW's main European markets, followed a strong 1996.

when net profits more than VW will face substantial doubled to DM670m launch costs for its next-(\$389.6m) from DM336m on generation Golf - Europe's the back of a 13.6 per cent most popular car - dne in increase in sales to September, and for the DM100.1bn.

expectations of about DM30.

the 1996 net profit figure,

they are included when earn-

ings per share are calcu-

At the company's annual

ss conference yesterday,

VW yesterday surprised "This year will be one of analysts with figures showing 1996 earnings per share the most difficult for the company." he said. up strongly from DM22 to DM55, against analyets'

VW said conditions in the world car market were unfavourable, with little growth The group attributed the stronger than expected eps to an adjustment to its penexpected in Europe or the US. But Mr Piech said VW was determined to continue sions provisions to reflect the lower interest rate envicutting costs and improving ronment and to hring its productivity. He was confident VW would raise market practice more into line with share in spite of the generinternational accounting ally weak conditions. standards. While the higher provisions detracted from

recently released Andi A6

we are not eble to build enough cars. The market itself looks good," he said. Mr Bruno Adelt, chief financial officer, said more favourable exchange rates - nary shares and from DM7 to earlier.



"The biggest risk is that Ferdinand Piech: confident VW would raise market share in spite of weak conditions

boosted pre-tax profits by from DM6 to DM9 on its ordi-Mr Piëch urged caution for particularly the stronger US DM10 on its preference the remainder of the year. dollar, pound and lira – had shares.

In the first quarter of this ered in 1996, increased 15.2 cent compared with a year cent, while sales in Asia grew 26.5 per cent. Sales in By contrast, North America South America and Africa

### DM600m. VW confirmed it year, sales in western per cent. Sales in eastern Europe grew only 2.5 per Europe advanced 27.9 per would raise the dividend

# DnB increases offer for mortgage lender

By Grea McIvor in Stockholm

Den norske Bank, Norway's biggest, yesterday raised the stakes in a takeover battle with Fokus, a smaller rival, hy increasing its offer for BNbank, a leading mort-

gage lender.

DnB said it had raised its offer from NKr195 a share to NKr207, valuing BNbank at NKr1.92hn (\$275m). Fokus, which is seeking to

2. Date of payment: On or after 28 May 1997

Amount: 180 cents per share (South African currency)

4. UK income tex (where applicable): 20% or 36.0 cents per share

S. UK currency equivalents (on 1 April 1997): Gross; 24,93351p per share
UK Tac: 4,98670p per share

f) Coupons peid by any of the continental paying agents under 6 above will be payable in South African currency to an authorised dealer in exchange in the Republic of South Africa nominised by the continental paying agent. Instructions regarding disposal of the payment proceeds can be given only to such authorised dealer by the paying agent concerned.

Coupons paid by The Royal Bank of Scotland pic in London will, unless

payment in South African currency is requested, be in the sterling equivalent shown in 5 above in respect of coupons lodged up to 21 May 1997 and thereafter at the rate of exchange on the day the proceeds are remitted.

Centenary Depositary AG

NOTICE TO HOLDERS OF BEARER CENTENARY DEPOSITARY

RECEIPTS-DIVIDEND DISTRIBUTION No. 14 AGAINST

PRESENTATION OF COUPON No. 14

Subject to approval at the Annual General Meeting of De Beers Centenary AG due to be held on 13 May 1997 dividend distribution No. 14 will be effected as follows:

Dete of payment: On or after 28 May 1997
 Amount: 38,17188 US cents per depositary receipt
 Currency equivalents (on 1 April 1997):

35% of above" (see 6 below) UK tax at 20% or above?

Crádit Suisse

Paradepiatz e CH-8021 Zürlich

The portion of the Centenery Depositary dividend distribution which emenates from De Beers Centenary AG is subject to Swiss withholding tax at the rate of

35 per cent. Depositiony receipt holders resident in a country which has a to treaty with Switzerland may be entitled to a refund of a portion of the Swiss

withholding tax deducted and should contact their local Revenue authority

ascertein the procedures required to obtain such a refund. Holders of Centenary Depositary receipts in bearer form who are resident in the United

Regions for tax purposes may apply for a refund of 20 per cent, effectively reducing the rate from 35 per cent to 15 per cent and may obtain a Swiss Tax Form No. 86 for this purpose from The Royal Bank of Scotland pic. Registress Department, PO Box 82, Caxton House, Redcliffe Way, Bristol 8599 7NH helicitatic gas penns.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

add: UK credit for Swiss withholding tax at treaty rate of 15% of above

Net to UK Centenary depositary receipt holder

Borroue Bruxelles Lambert Générale de Benoue

preferential dividend
 final dividend

Payable at:

Swiss Bank Corporation

Asschenvorstadt 1 CH-4002 Basia

avenue Mambx 24 B-1000 Bruxelles

Banque Internationale

9 route d'Esch

à Luxembourg SA Immeuble L'indépendence

1-2953 Luxembourg-Ville

Office of London Agent: 1S Charterhouse Street London EC1N 6QP

HOLDGRS OF BEARER CENTERCATES REPRESENTING LINKED CENTERARY ARE REMINDED THAT THEY CAN RECONNEST SUCH SIZ REGISTERED LINKED UNITS AT ANY TIME. RECONVERSION FORMS AS

- attributative to the Land dividend distribution
- Land Swigs withholding tax at attributable to De Beers Centenary AG

ANGLO AMERICAN CORPORATION OF SOUTH AFFICA LIMITED

Net: 19.94681p per share

The Royal Bank of Scotland pic

Registrers Department 1st Floor, 5-10 Great Tower Street

DeBeers

UK currency

20,70645

0.88826 4.64944

Union Bank of Switzerland

For and on behalf

JAC LINEED WALLS OF DE SEE

London Agen G A Wilkinson

10 April 1997

Bahrinofstrasse 45 CH-8021 Zürlich

The Royal Bank of Scotland pic

Registrars Department 1st Floor, 5-10 Great Tower Street

12.00000

34,00000

Union Bank of Switzerland

Coupon No: 107

à Luxembourg SA Immeuble L'Indépendence

Landon Office:

10 April 1997

19 Charterhouse St London EC1N 6QP

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa)
Registration No. 1 (/00007/06

NOTICE TO HOLDERS OF LINKED DEFERRED SHARE WARRANTS TO BEARER-PAYMENT OF COUPON NO. 107

the equivalent of NKr211.10 a share in paper and cash.

We think this is a good offer. Cash is a hetter way of paying shareholders than shares," DnB said. It added it had recently head contest with DnB. acquired share options in BNbank equal to 18.6 per cent of the capital, on top of an 8.7 per cent equity holding. This would be enough to hlock Fokus, whose merger bid depends on 90 per cent acceptance among shareholders.

once and said it would study DnB'e revised offer before responding. Industry observers predicted it was unlikely to succeed in a head-to-

Fearnley Fonds, an Oslo stockbroker, said: "Today DnB has ehown its muscles. It has more than 27 per cent of the shares and it is definitely a done deal," he said.

would strengthen its presence in Mr Per Ravlo, banking analyst at Trondheim, Norway's third city, where BNbank is based, as well as

bolstering its position in the market for long-term mortgages to DnB is committed to maintaining

of only NKr176m last year.

its status as Norway's largest NKr67.

Fokus has already raised its bid offering too much for BNbank, financial services group, a position which has total assets of threatened by a merger proposed NKr23.4bn and made pre-tax profits this month between Storebrand, the higgest Norwegian insurer, and DnB stressed the acquisition Christiania, the second-largest

> Shares in BNbank, which have surged 26 per cent in the past month, slipped NKr1.50 to NKr209 in Oslo yesterday. DnB shares closed unchanged at NKr27.80 and Fokus stock eased NKr0.50 to

> > **Spanish**

utilities

# Bombril to buy control

By Jonathan Wheatley

give Cirio exposure on the New York Stock Exchange without passing through a listing process in its own

approved plans to issue Sergio Cragnotti: soccer \$300m in new stock to cover part of the purchase of up to 80 per cent of Cirio for \$380m. Cragnotti & Partners said it would underwrite \$120m of the issue, doubling the value of its existing investment in Bombril. The capital raised would also be used for "domestic and international investments" in Bombril and Cirio's business

are traded in Brazil and level



used to promote his brands

Cirlo. SBC Warhurg and ABN Amro Hoare Govett acted as consultants on the deal, zil at the moment attempt-Details of the Bombril share offer, including issue price, have yet to be confirmed. The move follows the sale

processing company, Cica, to

Brazilian analysts questioned the merits of the deal "We will have to wait and see what is the effect for Bomhril's minority share-holders," one said, "hut it seems strange to diversify into the Italian food husiness so soon after decidif centrate on core activities in

Bombril had turnover in 1996 of about \$400m. Cragnotti & Partners said the new company would have annual turnover of \$1.5bn and would aim for sales of \$2bn within three years. The company said it planned to distribute Bombril and Cirio branded goods on domestic and international markets.

Mr Cragnotti, who owns Lazio, the Italian first division football club, is in Braing to negotiate the purchase of Brazilian star Ronaldo for a world record fee. A successful deal for Ronaldo, who plays for Spanish club Barcelona, will Janeiro. enhance Lazio's prospects

for a proposed listing on the London Stock Exchange. Mr Cragnotti has used his football interest to promote his food products in Italy

### stakes By Peter Wise in Lisbon Spain's .. three higgest electricity producers will seek holdings in Electricide de l'ortugal wik

seek EdP

power utility is privatised in

This is expected to lead to cross-holdings in the Iberian electricity sector aimed mainly at expanding business through acquisitions in Latin America.

Spain's Endesa, Iberdrola and Union Fenosa heve made clear their intention to buy holdings. EDP is subscquently expected to acquire e stake in one of the

Spanish companies. EDP and state-controlled Endesa were part of an international consortium that last year bought e controlling stake in Cerj, the electricity company for the Brazilian state of Rio de

The global offering of EDP, scheduled for June 16, will limit investors to a maximum of 5 per cent of the group's total capital. which is valued at about Es1,500bn (\$8.7bn).

After the sale, shareholders will be able to build their stakes, but will need government permission to go above 10 per cent. However, new statutes approved by EDP on Wednesday will limit voting rights to 5 per cent, regardless of how much capital an investor acquires.

The Socialist government has approved the sale of up to 49 per cent of EDP, of Which about 80 per cent is expected to sold in June and the remainder in 1999. Mr Augusto Mateus, Portuguese economy minister,

said no prior agreements would be made on the sale of holdings. Groups would have to compete for stakes on the open market. The offer, Portugal's biggest privatisation, is expec-ted to raise in the range of Es150bn to Es200bn from

two or three strategic investors, Es150-Es200bn from international and Portuguese institutions, and up to Es100hn from retail investors. Demand for EDP sbares

from small savers is already strong. More than Es50bn has been deposited in special accounts for small investors that hanks have EDP, which oo Tuesday

reported a 22 per cent rise in consolidated net profit for 1996, to Es81.1bn, expects to acquire more than 200,000 shareholders. This would be more than twice the number of invastors in Portugal Tclecom, which was involved in the country'e

### EUROPEAN NEWS DIGEST

### **Telecoms boost** Mannesmann

A breakdown of 1996 profits by Mannesmann yesterday confirmed the German industrial conglomerate's dependence on the fast growing telecommunications sector. Overall operating profits rose 11 per cent to DM1.01bn (\$587m), but the figure from telecoms more than doubled from DM464m to DM947m.

Mannesmann is among the groups hoping to build a husiness to rival Deutsche Telekom, Europe's largest telecoms group. Mannesmann's traditional tubes and trading division reported a loss of DM92m in 1996, after DM38m profit the previous year. Engineering saw a profit of only DM18m, after DM278m in 1995. The automotive sector improved from DM115m in 1995 to DM185m. Mannesmann presents its detailed results later this

### Shake-up restrains Mapfre

Mapfre, the leading Spanish insurance group, reported a 6 per cent increase in consolidated pre-tax profit last year to Pta35.89bn (\$247m), on total revenues 12 per cent up at Pta603.58bn. Strong earnings in the group's main domestic businesses were offset by a Pta329m loss in its foreign operations, mainly stemming from restructuring in Colombia and what it said was a temporary setback in

Mapire Mutualidad, the member-owned motor insurer which is the group's parent company, increased earnings, 30 per cent to Pta17.63bn, although premium income was only 1 per cent higher at Ptal60.07bn. Attributable net profits at the listed holding company, Corporación Mapfre, which is controlled by Mapfre Mutualidad, were revised downwards to Pta9.74hn. This was an increase of less than 2 per cent over 1995. Earnings before tax were 1 per cent down at Pta17.72bn. Mapfre Vida, its life assurance and pensions subsidiary, which is also listed, increased net profits 21 per cent to Pta8.06bn. David White, Madrid

### Deal set for Budapest Water

A Franco-German consortium of Lyonnaise des Eaux and REW-RWE Aqua will today sign the contract for a 25 per cent plus one vote stake in Budapest Water Works. The consortium outbid the pairing of Générale des Eaux and Berliner Wasser Betriebe in an open tender and will pay \$81.6m for the stake. The deal also gives it management rights for 25 years. A total of 73 per cent of the company will remain in municipal hands. Lyonnaise des Eaux, which is expected today to announce details of its merger with French holding company Suez, already runs two other water companies in Hungary under concession

### Rauma divestment accelerates

Finnish pulp and paper group UPM-Kymmene has accelerated the unwinding of its 73 per cent stake in Rauma, the forest industry machinery and engineering group. It said yesterday it planned to reduce its interest to below 50 per cent "as soon as possible". The move follows its announcement last month that it would pay the bulk of its 1996 FM1.2bn (\$235m) dividend in the form of Rauma stock, as part of a strategy to cut its stake to below 80 per-cent. Rauma said yesterday the FM4.50 per-share payout would comprise FM1.50 cash and FM3 stock.

"UPM-Kymmene and Rauma now agree that the shareholders of the both companies will be best served by reducing the UPM-Kymmene holding in Rauma as soon as possible, subject to market conditions," UPM-Kymmene a large minority shareholding in Rauma. Mark Mulligan

### HAGEMEYER N.V.

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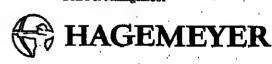
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### Announcement to the shareholders.

At the time of the publication of the 1996 results oo Febroary 26, 1997; it was announced that the 1996 dividend to be proposed for approval at the Annual General Meeting of Sharebolders on April 17, 1997 would be NLG 2.28 per ordioary Hageroeyer share of NLG 5.00. After deduction of the interim dividend, amounting to NLG 0.75, a final divideod of NLG 1.53 remains to be paid. At the option of shareholders this divideod will be paid either entirely in cash, or io the form of a stock dividend to be paid either from thn share premium reserve or from retaroed earnings.

It is now announced that the ratio of the stock dividend has been determined in such a way that for 110 existing Hagemeyer shares, one new share of NLG 5.00 nominal

Naarden, April 9, 1997 HAGEMEYER N.V. Board of Management



### NOMURA GLOBAL FUND

R.C. Luxembourg B 34 075 Registered Office: 6, ovenue Emile Reuter, L-2420 Luxembourg

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING of shoreholders of NOMURA GLOBAL FUND will be held at the registered office on Friday May 2nd 1997, at 10:00 r.m. with the following agenda:

Submission of the reports of the board of directors and of the

2. Approval of the annual accounts and of the statement of operations as at December 31st 1996; appropriation of the results. Discharge of the Directors and Auditors. . Statutory appointments.

5. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that: decisions will be taken on simple majority of the shares present or represented at the meeting.

in order to oftend the meeting of NOMURA GLOBAL FUND the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company, or with NOMURA BANK (LUXEMBOURG) S.A., 6, avenue Emile Reuter, Luxembourg.

# of Italian foods group

in São Paulo

Mr Sergio Cragnotti, the Italian entrepreneur, yesterday announced plans to transfer control of Cirlo, the Italian dairy and vegetable. foods group, to Bombril, a Brazilian manufacturer of nousehold products.

The move is designed to

Bombril'a board yesterday

Mr Cragnotti's group owns 100 per cent of Bombril's voting stock; preferential shares I American Depository Receipts in New York. Under the deal, Bomhril will



change its name to Bombril-

last year of Bombril's lossmaking powdered soap business to Procter & Gamble. which the company said would allow it to concentrate on its core areas of wire wool, scouring powder and fabric conditioner. Bombecome a multinational bril previously sold e tomato and Brazil.

# AP Moller ahead 29%

A. P. Moller, the Danish conglomerate, attributed a 28.6 per cent surge in 1996 pre-tax profits from DKr2.79bn in 1995 to DKr3.59bn (\$548m) to expansion in its Maersk Line container operations and rising production and prices for oil and gas in the North Sea. Net profits rose from DKr1.80bn to DKr2.23bn.

Turnover at the shipping where the group forecast further improvement - and oil and gas businesses rose from DKr28.5bn to DKr33.0bn Including figures from assoclated companies, group tnrnover rose from DKr66.6bn to DKr77.3bn.

associated companies to the D/S 1912 and D/S Svendborg. parents was lifted from The dividend at 1912 was DKr186m to DKr210m. Profits in the main ship-DKr704m to DKr857m before disposals and special items. Turnover increased from DKr24.86bn to DKr28.06bn.

The oil and gas business, where A. P. Moller is the operating company for a consortium including Shell and Texaco in the Danish sector of the North Sea, increased

leading container-carrying liner vessels yet built, which dividend was lifted 10 per helped cut unit costs.

increased from DKr600 to DKr750 a share, while that at ping businese rose from Svendborg was lifted from DKr900 to DKr1,150. The total peyout rose from DKr264m to DKr333m. Danish conglomerate Sophus Berendsen, which holds a 36 per cent stake in the UK's Rentokil, yesterday reported a rise in after-tax

profits from DKr875m in 1995 to DKr916m last year. operating profit from However after extraordi-DKrl 29bo to DKr2.05bn. However after extraordi-nary items the result fell Maersk Line, the world's from DKr959m to DKr910m. The group's share of profits service, took delivery last from Rentokil rose from year of four of the largest DKr980m to DKr1.14bn. The

cent - from DKr5 to DKr5.50

# OK: 66.6bn to DK: 77.3bn. The group is headed by - or 21 per cent after a scrip. The dividend paid by the two listed companies, issue.

Titan Cement advances 63%

By Kerin Hope in Athens

Titan Cement, the Greek producer, raised consolidated pre-tax annual profits by 63 per cent to Dr19.2bn (\$71m) last year. It attributed the improvement to strong local demand and improved international prices.

Turnover rose 10.3 per cent to Dr108.2bn. The group said a secondstruction and the launch of

several infrastructure pro- stake in Halkis Cement, a jects funded by the Euro- smaller Greek producer, pean Union had hoosted

Margins improved because Ferruzzi group.

of a 34 per cent drop in inter
Concretum already conof a 34 per cent drop in interest expenses, and tight con- trols Heracles Cemeot, the trols on production costs at biggest Greek producer, and Titan's four cement plants in paid Dr36bn to acquire Greece and e fifth at Roanoke, in the US.

Halkis last year.

As part of e regional The group is proposing an expansion plan, Titan is preafter-tax dividend of Dr420 a paring to bid for cement half recovery in private con- share, against Dr320 in 1996. plants due to be privatised Titan is negotiating for a in Albania and Bulgaria.

through a joint venture with Coocretum, part of Italy's created for the sale.

previous biggest offering.

### COMPANIES AND FINANCE: UK

European Commission only seeking two substantial concessions on \$20bn deal

# to approve BT-MCI merger

By Alan Cane in London and Emma Tucker in Brussels

is demanding only two sub-stantial concessions from British Telecommunications, to be cleared by US competithe UK telecom company, and MCI, the US long distance carrier, in return for approval of a \$20bn merger

between the two companies. European Union sources indicated yesterday that the give their verdict until the conditions were not posing that the planned merger was

now expected to be given the go-ahead next month, well ahead of the June 11 dead-The European Commission line for the Commission's

> tion authorities, will create the world's second biggest telecommunications group with annual turnover of some \$42bn. US competition officials are not expected to autumn, hnt it is unlikely that they will raise substan-

It is understood that one of the Commission's biggest concerns was BT's dominant position in the UK audio and video conferencing market, a situation it will be required to modify.

The second condition is that BT will have to guarantee access for competitors to tts transatlantic submarine cables.

This reflects Brussels' concern that BT and MCI will have a monopoly on the route between the UK and the US.

Earlier this week an advi- AT&T, the US's largest tele sory committee of competi- coms operator, is that custion officials from the EU's tomers of foreign operators 15 member states raised no in the UK have to dial a preobjections to the project. fix code to get access to their ahead of the Commission's formal approval.

ing companies mounted an intensive lobbying campaign against a background of in Brussels, urging officials rapid change in the telecomto consider whether further munications sector. AT&T liberalisation of the UK telecoms market should be demanded as a precondition for the merger.

networks, a cumhersome ocedure which they argue Competitors of the merg- is anti-competitive.

The merger is taking place and 43 other service provid-The main complaint from carriers.

### Administration approved the company's high-tech ers were granted licenses by the UK authorities last year contact lenses for sale in the to operate as international At last night's share price,

12 times its the figure at flotation two years ago. The lenses are to be launched next week into the \$200m a year US market for "frequent replacement" lenses. This market is growing at 35 per cent a year, the

Biocomp's

lenses

By Daniel Green

win US

clearance

Shares in Biocompatibles.

the UK hiotechnology com-

pany, rose to more than

eight times their flotation

price of twn years ago after

the US Food and Drug

up 82%p at 1375p, the loas-

making company has a mar-

company said. The lenses are coated with Biocompatibles' phosphorylcholine (PC) polymer which has been likened to Teflon non-stick coatings used for cooking pans. Rach molecule of the PC coating attracts 24 water molecules so that it feels slippery to

the touch. Mr Alistair Taylor, Biocompatibles' chief executive. said that most buyers would be people with dry eyes such as the over-40s. The company is in talks with "a major contact lens distributor" and "hoped to be able to make an announcement

Separately, Mr Taylor said that the company's PCcoated stents (mesh tubes implanted by a surgeon to keep open constricted blood vessels) were selling well only months after their launch in Europe. "We have sold more than 1,000 stents at between \$1,300 and \$1,500 each," said Mr Taylor.

The new contact lenses. called Proclear Compatibles. have been on sale since February in the UK, Belgium and Denmark. The company said that early sales were strong but distorted by stocking-np. Users have to replace the lens each mouth. This "frequent replacement" ens market is worth \$500m market worldwide.

# LEX COMMENT

RMC shareholders are discovering that even a quality business can struggle lo rise above difficult mar-FTSE All-Share Index kets. Having profited bandsomely from Germany's post-unification construction boom, the company is now having to live with Germany's delayed recession, aggravated by the deflationary

rigours of trying to qualify for European economic and monetary union. Giveo the difficult backdrop - volumes for its products fell last year by 4-8 per cent in Germany and the UK, its two biggest markets - RMC did well to

ket valuation of £1bn (\$1.62hn). This is more than limit the decline in pre-tax profits to only 9 per cent. While the worst is rlearly past, the outlook is hardly rosy. A further 3-5 per cent fall in volumes is forecast for Germany; only a 12 per cent cut in the labour force over the past 18 months permits the group to forecast higher D-Mark profits. Aggravating the outlook is the strength of sterling. While barely affecting sales, it could easily depress profits from Germany, the largest contributor, by

10 per cent this year. There are some hright spots - the UK. US and smaller European markets all promise reasonable growth, Capital expenditure of £370m (\$599m) also shows that the group is continuing to invest in its future. Short term, however, it is difficult to be sanguine so long as Emu continues to serve as a by-word for hair-shirt fiscal policies.

A forward price earnings ratio of about 14.3 - in line with the sector average - is hardly extravagant. But companies with greater UK exposure look a better bet for

# Shell to face protest

By Robert Corzine

Royal Dutch/Shell has asked arebolders to reject a resolntion at next month's annual meeting, demanding that the Anglo-Dutch oil group adopt tougher environmental and buman rights policies and reporting

The resolution - thought to be the first of its kind in the UK - threatens to be an embarrassment to the group, following as it does a lengthy period of negative publicity about Shell's buman rights and environmental policies.

Mr John Jennings, chairman of Shell Transport and Trading, the London arm of the company, yesterday said the resolution was "unnec-essary" and "not an appropriate way" to challenge the rompany on such issues which are the responsibility of the board.

dicy

411

The resolution is supported by 18 pension funds five religious institutions. an academic fund and individuals from a pressure group called the Ecumenical Committee on Corporate Responsibility. It is also backed by Pirc, the corpo rate governance - pressure 12 per cent of the company's

Mr Jennings said Shell's opposition to the resolution did not imply it was pulling bark from commitments to improve its environmental and buman rights record, which has been battered by the Brent Spar flasco, in which the company tried to dump an obsolete oil platform in the Atlantic, and concerns over the company's operations in Nigeria.

Mr Jennings said Shell had had no warning that the resolution was being prepared. But Pirc last night said it bad been "totally frank" with the company over the course of seven meetings that a resolution would be lodged if it Shell's sincerity to adopt | remote Casanare province of more detailed and public

reports on sensitive issues. Shell said its "directors share the objectives set out in the resolution". But Mr Jennings claimed the main demands of the dissident protect the oil development group had already been met. from guerrillas.

# RMC hit by German downturn

By Andrew Taylor. Construction Correspondent

German construction output in 1997 is forecast to fall for the second successive year according to RMC, Europe's

biggest concrete producer. RMC has axed 1,400 German jobs, 12 per cent of its labour force in that country, during the past 18 months. Mr Peter-Young, chief executive, predicted that German construction output would fall by 11/2 per cent this year following last year's 2.7 per cent decline.

However, UK construction revive, led by an improving housing market, RMC forecast that domestic aggregate sales would rise by 3-5 per cent this year.

The company yesterday pre-tax profits, before exceptionals, to £295.3m in 1996. Pre-tax profits, after a reduction in exceptional disposal 996%p.

profita from £12.2m to £900.000, fell by 12 per cent to £296.2m (\$479.8m). Turnover was static at £4.55bn. Germany was Europe's

fastest growing construction market for much of the 1990s hut has gone into retreat as the country has strived to meet the bill for reunification and satisfy the Maastricht criteria for European monetary union. German operating profits fell last year from £187.5m to £139.6m after £17m of redundancy and restructuring costs. Mr Young aald German

profits, in the absence of furmarkets are beginning to ther restructuring costs, would rise in D-Marks this year. UK operating profits would also be better after slipping last year from £76.8m to £72.8m. Profits from countries out-

reported a 9.1 per cent fall in side of Europe, mainly the US, increased from £45m to £56,6m.

The shares fell 4%p to

Peter Young: predicted a further fall in German output

	Tueso	er (Sm)		n-inx K (2m)	67	\$ (x)	Current payment (p)	Detr of payment	Corresponding dividend	Total for year	Total tes year
CIA Yr to Dec 31	773.8	(606.4 [	4.924	(6.68 )	3.23	(7.65)	1,77	May 26	1,62	2.35	2.16
French Connection Yr to Jan 31	83	(70.7 )	6.23	(3.43 )	17.6	(10 )	2.25	July 2	2	2.75	2
Friendly Hotels Yr to Dec 24	45.2	(42)	4.47	(5.25L4)	10.7	(40.7L)	3.5	AUG 15	3.5	5.7	5.7
Rathbone Brothers Yr to Dec 31	35.8	(28 )	9.61	7.36	24.871	(21.31 )	7.5	May 16	6.5	11.5	10
RMC Yr to Dec 31 *	4,580	(4,549 1	298.2	(337.19)	68.91	(80.3)	18.7	June 2	17.6	26.5	25.3
Swalfowfield Yr to Dec 31	43.4	(37 1	3.52	(2.69 1	18.1	(13.8 )	4.9	May 30	3.8	7.3	6.5
Tracker Network & Yr to Dec 31	10.4	(8.52)	0.210	(1.61L )	4	(30.5L )	•		•	•	•
Wyefield 6 miles to Dec 31	8.28	(8.31	0.337L	(0.491L)	1.3L	(1.9L)	nii -	•	En En	•	PÚI
Investment Trusts	MAX.	<b>(b)</b>		ngs (Chu)	Bri	s (r)	Contract polynomic (p)	Date of payment	Corresponding dividend	Total for	Total tes
Benfield & Res : 1 Yr to Dec 31		(-1		(-1		(-1	0.71€	May 27		•	
TR Technology A Yr to April 30		i- i	•	(- 1	•	i-i	0.2	Apr 28	•	-	

# Italian purchase for Royal & Sun

By Christopher Adams, Insurance Correspondent

Royal & Sun Alliance is to buy Prudential's life assurance and pensions business in Italy for £46m (\$74.5m) cash, the biggest acquisition since last July's merger of the two composite insurers.

The purchase comes just two months after Royal & Sun bought the non-life business portfolio of Bank Argentaria, the Spanish bank, for just under £20m.

Both are evidence of the lightweight compared with global rivals.

For Prudential, the deal completes the disposal of several small businesses in continental Europe, which did not bave "significant" market shares, according to a company official.

The deal will give Royal & Sun access to customers through independent compa nies selling unit linked investment products, an area of rapid growth in Italy's insurance market where a few large domestic insur ers have traditionally ruled.

The insurer will integrate group's commitment to the Prudential business, expand in continental which last year earned pre-Europe, where it is seen as a mium income of £52m with its own life arm in Italy where turnover was £13m.

# BP defends shift to sensitive sites

By Robert Corzine

British Petroleum yesterday not intentionally, or reckput up a spirted defence of cally and environmentally sensitive areas for its future oil and gas production

growth. executive, told the annual meeting that "mistakes" had been made in the company's controversial development of at London's Barbican yesterremained unconvinced of two giant oil fields in the eastern Colombia. But be rejected allegations that BP has been involved in human rights violations by the Colomhian Army, which has been called into the area to

"Because we're buman we sometimes make mistakes lessly or carelessly - but its shift towards more politi- nothing we have done is anywhere near the scale that has been alleged or implied." BP managers have become increasingly sensitive about Mr John Browne, chief the Colombian issue, although many of the allega-

tions have not been proved. Shareholders who arrived day were greeted by a small group of demonstrators with banners claiming that BP cooperated with Colombian

death squads.
Inside, Mr Browne went to some lengths to reassure shareholders that BP's activities in Colombia were beneficial to the local population.

# TELECOM

Registered Office in Turin Capital Stock L. 8,204,071,437,000, fully paid-in Entered under No. 131/17 in the Ordinary Section of the Company Register of Tural Tax I.O. No. 00580600013

### **NOTICE TO STOCKHOLDERS**

Methods, terms and conditions for the exercise of the right to have shares liquidated as a result of the amendment of Article 4 (Corporate Object) and the introduction of a new Article 5 (Special Powers) of the Articles of Association.

You are hereby informed that the resolutions of the Extraordinary Stockholders' Meeting of TELECOM (TALIA of March 26, 1997 were entered in the Company Register on April 9, 1997.

Therefore, stockholders of TELECOM ITALIA who did not attend the Meeting, but who intend to exercise the right to have their shares liquidated must, pursuant to Article 2437 of the Civil Code, send a request to that effect to the following address:

TELECOM ITALIA S.p.A. Amministrazione - Bilancio Gestione Azionariato Via San Dalmazzo, 15 10122 Turin, Italy

The request must be received at the above address on or before April 24, 1997. Solely for purposes of meeting this deadline, the request may be sent initially by tax to +39-11-5514888, but the original confirming the lax must be received by the Company on or before April 29, 1997. The request must be accompanied by the personal data, lax I.D. number, domicile and telephone number of the stockholder exercising the above mentioned right as well as a statement of the quantity of shares to be figureated, the senal members of the share certificates and the name of the Depositary, in the event that the shares are held in custody.

Together with the request referred to above, the stockholders must send to the Company adequate proof that they became stockholders no later than March 21, 1997, and were therefore in a position to have deposited the shares in time to have attended the Extraordinary Stockholders' Meeting of March 26, 1997.

For this purpose, in particular:

 tor shares included in the pool managed by Monte Titofi S.p.A., the stockholder must send a special certificate issued by the Depositary pursuant to Law No. 289/1986, showing that the ownership of the shares commenced no later than March 21, 1997.

for shares not included in the pool managed by Monte Titoli S.p.A., the stockholder must send the certificates representing the shares to the Company at its corporate offices at Via Belfiore 23, Turio, (in fieu of the Company's registered office at 15 Via San Dalmazzo, Turio, which is temporarily closed for renovation) or to the secondary office and Corporate Headquarters at 189, Via Flaminia, Rome, logether with proof that they were transferred to the stockholder no later than March 21, 1997. This proof shall be supplied for registered ordinary or savings shares by certificates showing that they were registered in the name of, or endorsed to, the stockholder exercising the right to have his/her shares liquidated no later than March 21, 1997, and for bearer savings shares by an official trade confirmation (or equivalent document) bearing a payment date no later than March 21, 1997.

### Payment

Once the regularity of the liquidation requests received has been determined, the respective payments will be made, based on the average computed by the Stock Exchange Council, of the dally prices quoted on the automated screen trading system of the Italian Stock Exchanges during the six months prior to March 26, 1997. The liquidation prices will therefore be as follows: 3,938.25 like for each ordinary share, 3,175.59 fire for each savings share, including the amounts withheld under the tax laws. The amount on which these withholdings is calculated is 2,938.25 line for each ordinary share and 2,176.59 line for each savings share.

The payments will be made starting on July 15, 1997, the effective date of the amendments to the Bylaws referred to above, in the order that the respective requests are received.

The amount of the payments, net of the tax withheld, will accrue statutory interest from March 26, 1997 (the date of the Stockholders' Meeting that passed the amendments to the Articles of Association) to the date payment is made.

> Umberto Silvestri Chairman of the Board of Directors

For any question or to request copies of documents, please call +39-5-36001273/36001274/36001275. This notice is also available at the following internet address: http://www.telecomitalia.il



### PAN-HOLDING

Société Anonyme - Luxembourg 7 Place du Théâtre, Boîte Postale 408, L-2014 Luxembourg-Téléphone: (352) 46 24 01/46 24 02 Téléfax: (352) 46 25 27

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the

ANNUAL GENERAL MEETING which will be held at the registered office of the Company, 7, Place du Théâtre,

Luxembourg, at 3.00 o'clock p.m., on April 29, 1997, with the following agenda: 1. To accept the Directors' report and to approve the financial statements and accounts for the year ended December 31, 1996.

2. To approve the appropriation of the results, to declare a dividend and to fix its date of payment.

3. To grant discharge to the Directors for the proper performance of their duties.

4. To re-elect Directors.

5. To fix the Directors' emoluments for the year 1996.

6. To re-elect the Auditor.

To transact any other business. The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the company, P.O. Box 408, L-2014 Luxembourg, so as to reach them prior to April 24, 1997.

The owners of registered shares need not deposit their share certificates. However, if they intend to participate in the meeting, they should inform the Company in writing prior to the same date as mentioned above.

Shareholders who cannot attend the meeting in person are invited to send the duly completed and signed proxy form to Pan-Holding S.A., P.O. Box 408, L-2014 Luxembourg, so as to reach them prior to April 24, 1997.

THE BOARD OF DIRECTORS

### GOVERNMENT BONDS

By Michael Lindemann in London end Lisa Bransten in New York

in a Portuguese newspaper. that several candidetes for European Monetary Union will miss the 3 per cent budget deficit target this year.

The report forecasts that Germany's 1997 budget deficit will be 3.2 per cent, above from Mr Reimut Jochimsen, the 3 per cent ceiling set a Bundesbank council memdown in the Maastricht treaty, according to a report Die Neue Gesellschaft that in the O Publico newspaper.

which is scheduled for release on April 23, saye Italy's deficit will be 3.8 per cent while France and Spain will both come in on 3 per week from the European

cent. The Commission said it Monetary Institute, the pre-had "nothing to do with the cursor to the European centable" and "work on the forecast was still continuing".

The report did not elicit a sharp reaction, but analysts Sentiment was muted on said the market's mood was European government bond in contrast to the positive markets yesterday, com- sentiment towards prospects pounded by a European for the European single cur-Commission report, quoted rency earlier this week. "The tone of the market was fairly bearish, and that just added to it." said Ms Sharda Persaud, senior economist at Sao Paolo Bank.

The change in mood was underlined by comments ber, who told the magazine "it is becoming increasingly The Commission report, evident that Germany will find it extraordinarily difficult to meet the budget and

debt criteria." A report expected next

tral bank, is also expected to be pessimistic about the proposed single currency.

German bunds slipped, with the June bund future closing in London at 100.11, down 0.16 on the day. Analysts said the market remained "vulnerable" ahead of today's US March producer prices data.

Italian BTPs also headed downwards. Mr Lamberto Dini, foreign minister, said more welfare cuts were needed, which is likely to mean more wrangling with the left-wing Communist Refoundation, spelling trouble for bond markets.

In London, the June BTP future closed at 127.13, down 0.62 on the day. In the cash market the 10-year yield spread of BTPs over bunds slipped 7 basis points to 182

New international bond issues

5.126 4.875

5.32# 100.00

Italy's lead. The uncertainty overhanging international markets failed to make up for the good news expected from today's lower March consumer price inflation figures. The June bono future

closed at 113.00, down 0.50. Bearish sentiment spilled over into French OATs, compounded by worse than expected March household sentiment data. The index fell to -32, down from a revised -30 in February. The June notional future lost 0.26 to close at 128.34.

A lack of market data left UK gilts drifting aimlessly. The June long gilt future closed at 1082, down 4. US Treasury prices were

modestly lower in quiet early trading as investors awaited more data on the strength of the economy. 30-year Treesury was off % per cent.

100.117R Apr 2002 0.25R 100.00R Apr 2002 0.25R 100.10R May 2002 0.25R 100.00 May 2002 0.25R 100.00 Apr 2002 0.25R

98.831R Dec 2002 0.25R 99.472R May 2002 0.25R 100.00 Apr 2007 3.00

Spanish bonos followed at 9312 to yield 7.111 per cent, while at the short end of the maturity spectrum the twoyear note was 🛓 weaker at 99# to yield 6.420 per cent. The June 30-year bond future fell & at 107%.

There was little reaction early in the session to figures showing a modest increase in the number of people filing initial claims for unemployment benefits last week

Although the number of new claimants was 6,000, stronger than expectations of 1,000, economists still consider the labour markets very tight.

More attention was focused on today's release of figures on producer prices and retail sales. Analysts believe the producer price index for March will be unchanged and that retail By early afternoon the sales will have risen by 0.5

# Tunisia. assigned

Standard & Poor's, the US credit rating agency, yesterday assigned a BBB- rating to Tunisia's long-term debt denominated in foreign currencies.

The agency also awarded the country's short-term debt a rating of A3, and said the outlook for all these ratings was "stable".

The BBB- rating is the lowest "investment grade", or non-speculative, rating on S&P's scale. It places Tunisia's credit standing on a par with the Sultanate of Oman and Egypt, and one notch higher than Jordan. It also matches the coun try's ratings by Moody's, the other large US rating agency, and IBCA, the European agency – respectively

Baa3 and BBB-. S&P highlighted Tunisia's solid public finances, with the general government deficit expected to reach about S per cent of gross domestic product this year, compared with 2 per cent in 1996.

Inflation, which "has remained in single digits throughout the past four decades, is projected et 3.9 per cent in 1997", S&P

However, the ratings are constrained by the country's high public debt burden, amounting to roughly 74 per cent of GDP, and the mefficiency of "hundreds of pub-

lic enterprises". The agency also said the privatisation process was

proceeding slowly. Furthermore, S&P pointed out that Tunisian banks' weak asset quality and "a significant Hability for the

# for corporate bonds revival Ts a domestic Australian Investments has launched a

Australia set

corporate bond market about to re-emerge? The question has occupied bankers for the best part of six months, and the answer seems to be "yes".

Since November, domestic corporate bond programmes either announced or implemented - have surged to about A\$3bn, having been non-existent for about eight years. Borrowere have ranged from large manufacturing groups, such as Southcorp and BTR Nylex, to much smaller companies, such as the Perth-based

Futuris. The last surge in the local corporate bond was in the late 1980s. Then as now, there was a widespread view that institutional investor demand for fixed-income. paper could not be met by government issues.

Corporates, encouraged by this unsatisfied appetite and by relatively low interest rates, began to fill the gap. In 1988, about A\$1.3bn of corporate paper was sold.

But the situation changed when recession hit at the end of the 1980s. Defaults occurred and there was a "flight to quality" by inves-tors. By the mid-1990s, when corporate borrowing revived, most companies prefered to tap overseas markets, notably the US.

This time local bankers and analysts are hopeful the revival will be more sustained. The first issue was late last year, by Futuris, a medium-sized industrial group. It has since been followed by a A\$250m mediumterm note programme, handled by National Australia Bank, for Southcorp, the packaging, wine and appli-

ance manufacturer. Brierley

A\$500m MTN programme, underwritten by ANZ.

A number of programmes have been signed with issuance yet to take place. Borrowers range from United Energy, one of the distribution companies which emerged from Victoria's electricity privatisation, to Burns Philp, the listed food ingredients group, and Peabody, the mining company. Most bankers say the trend is a direct result of heavy institutional demand.

caused by a shortage of government bonds. "Our sense is that it's the weight of money argument," says Mr Ian Mattiske, ganeral manager for global project and structured finance at

National Australia Bank. He says forecasts that outstanding corporate bonds could reach A\$4bn by end-1997 are feasible. he extent to which institutional funds are

growing, as Australia'a pensions industry undergoes structural change, is impressive Man. aged funds at end-1996 topped A\$340bn, compared with less than A\$240bn four years earlier Meanwhile, superannuation funds alone are forecast to grow at about 10 per cent a year until early next century. At the same time, fiscal

restraint and privatisations by state and federal governments will limit the amount of new government paper.

"The excess demand for Australian government bonds by domestic investors will be more than A\$100bn in the year 2002," said SBC Warburg in a recent report.

Nikki Tait

# Short maturity issues in favour

### INTERNATIONAL BONDS By Samer Iskanda

The uncertain interest rate maturities of five years or

"There is no incentive for investors to go further out in terms of maturity," said one banker. "It will take a steepening of the yield curve before people start buying

longer-dated paper.' Baden-Württemberg L. Finance and the Federal National Mortgage Association launched the largest .. Both deals, Morgan Standeals yesterday. Although of ley said, were helped by the the same size and similar fact that they offered coumaturities, they were aimed

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

L-Bank's deal was priced to yield 10 basis points over US Treasuries, a level which guaranteed the success of the issue", according to Morenvironment continued to gan Stanley, one of the lead favour issuance of defensive managers. "The issuer is bonds with relatively short well known by institutional investors, but also has retail

acceptance. FNMA's five-year bonds, which are callable by the issuer at the end of the second year, were mainly aimed

at institutions. Morgan Stanley, joint lead manager with Merrill Lynch. said it saw good demand from institutions in Asia and

pons of more than 7 per cent. "Investors are still picky acquired by Doughty Han- ample demand for sub-

about the bonds they buy," said one syndicate manager. "But with an attractive issuer at the right price deals can be done easily."

The D-Mark sector saw its first issue of high-yield bonds, DM157.5m of 10-year paper by Geberit International, the Swiss sanitary zerland. technology firm recently

IN BUND FUTURES OPTIONS (LIFTE) DM250,000 points of 100%

son, the UK venture capital investment grade bonds in company. The issue, led by Europe, and some expressed Merrill Lynch, was several hope that yesterday's landtimes oversubscribed by a mark deal would inspire combination of European other borrowers. and US investors, with roughly 10 per cent of the big players in the US highamount going to retail investors in Germany and Swit-

Analysts believe there is

"European investors are yield market," said one analyst. "There is definitely poor transparency were strong ap

ppetite f on this	or this side o	kind f the	potentially contingent sovereign".
Actua	rios (	Govt.	Securitie

FTSE Actua Price Indices UK GRO	Thu	Day's	Wed	Accrued	ad adj.							er yield • Yr. ago	- High C	Lindic coupon yie Apr 8 Yr.
1 Up to 5 years (19) 2 5-15 years (20) 3 Over 15 years (7) 4 Irredeemables (5) 5 All stocks (51)	Apr 10 119,96 148,75 166,60 193,91 143,29	0.00 -0.04 -0.07 0.13 -0.03	Apr 9 119.96 148.82 168.72 193.65 143.33	2.31 2.83 4.65 3.86 2.99	3.40 2.69 3.18 2.37 3.21	5 yrs 15 yrs 20 yrs indd.j	7.32 7.75 7.81 7.86	7.31 7.75 7.92 7.87	7.66 8.31 8.37 8.40	7.38 7.76 7.79	7.37 7.75 7.78	7.66 8.33 8.38	7.42	7.40 7. 7.63 B. 7.84 B.
Index-linked								Mation 5	7%. — Yr. agk		Apr 10	ation 10	Yr. 800	
8 Up to 5 years (2) 7 Over 5 years (10) 8 All stocks (12)	203.65 194.24 194.17	-0.03 -0.13 -0.12	203.71 194.62 194.52	1.00 1.09 1.08	2.16 2.32 2.28	Up to 5 yrs Over 5 yrs	3.37 3.66				2.87 3.46			
Average gross redemptor	ı yində əra s	hown above.	Coupon Bung	ks Low: 0%	-7%% Mo	Augus 896-1096	16; Hight 1	11% and 0	own † Pla	n yenesi. Ye	d Year to	cists.		
FT Fixed Interes	st Indice		or7 Apr4	Yr ago	High* Lo		Edge	d Activ	vity In		 Apr 8	Apr 7	Apr	4 Apr
	60 93.83		1.65 93.41	92.48	96.62 99		Edged b		ı	NA KA	14.2 28.7	20.5 37.4	27. 48.	A 47

	Coupon	Ped Date	Price	Day's change		eek Month ga aga	Strike Price	May	Just CA	W.S -	Sep M	ay Ju	PUTS -	\$ep
Australia	6.750	11/06	91.9610	+0.130		10 7.67	10000	0.49	0.83	0.59 0	.92 0.3	8 0.7	2 1.48	1,81
Austria Belgium	5.625 6.250	01/07	98,5300	-0.120 -0.230		96 5.55 18 5.64	10050 10100	0.26 0.11			73 0.6 .56 1.0			2.12 2.45
Canada *	7,000	12/06	100,9700	-0.330	6.86 6.	81 6.39	Est. vol. k			1379. Provio				Puts 254947
Denmark France BTA	8,000 W 4,750	03/06	108,9600	-0.240 -0.080		81 6.22 83 4.37	Italy							
O	5.500	04/07	97.8200	-0.110	5.78 5	95 5.33		MAL ITAL	IAN GOV	T. BOND	RIP FIT	TRES		
Germany Bund Ireland	8.000 2.000	01/07	107.8400	-0.180 -0.170		03 5.54 96 6.41		Lira 200					_	
Italy	a750	02/07	94.5200	-0.280	7.55† 7.	85 7.20		Open	Sett price	e Change	High	Low.	Est. vo	Open int.
Japan No 14 No 18		09/01	120,2097 106,1090	-0.190 -0.230		46 1.35 18 2.39	Jun	127.60	127.13	-0.62	127.89	127.02	64054	111199
Netherlands - Portugal	5.750 9.500	02/07	99.4600	-0.160 -0.410	5.82 5.	92 5.32 08 6.70	Sep	127.53	127.10	-0.84	127.53	127.10	1295	3194
Spain	7.350	03/07	102.9800	-0.490	6.91 7.	22 6.74	Strike	GOVT. BO		LLS -	TIONS (LIFT	C) Diable	PUTS -	10078
Sweden UK Gilts	6.000 7.000	08/07	105.4860 98-25	-0.670 -2/32		47 6.76 40 6.76	Price		Jun	Sep	,	Jun	PUIS -	Sep
	7.250	12/07	97-07	-7/32	7.64 7.	70 7.15	12700		.45	2.47		1.32		2.37
US Treasury	9.000 6.250	10/08	109-20 95-10	-8/32 -8/32		78 7.26 87 6.54	12750 12800		.17 .92	2.20 1.94		1.54		2.60 2.84
	6.625	02/27	93-29	-8/32	7.12 7.	06 6.79		tri, Calla 39			day's open			
ECU (Franch Govt) London closing, "Ne	7.000 w York mid-da	04/06	103.3300	-0.270 Yiek		38 5.80 Next standard	Spain							
† Gross (including a			er cent paye	ble by norm	esidents		- NOTE	NAL SPA	NISH BON	in Futulei	ES MITTE			
Prices: US, UK in 32	rius, omers in i	and multiple			SOLITOR: AMA	S International		Open	Sett price		High	Low	Eet uni	Open int.
							Jun	113.36	113.00	-0.50	113.36	112.62	90,404	74,076
-							Sep	_	112.15	-0.50	-	-	_	3
US INTERE	ST HAT	E5					UK	Mai .mc -					4 4 0 0 0 1	
Latest		e aronda	Treasury I	Hes and B	ond Yields		E ROIL	MAL UK G						Onin La
Prime rate	8 <sup>1</sup> 2 Te	o month.		- Three	Y00	6.59	Jun	Open 109-03	108-29	-0-07	High 109-05	Low 108-28	Est. vol 39061	Open int. 175689
Fed.tunds at Interventi	5¼ Sb	THOUGH		5.58 10-y	io.	6.78 6.92 7.12	Sep		108-24	-0-07			0	2722
LACTITION OF IMPLACED	- UD	s year	:	5.97 30-y		7.12		GILT FUT	_	-	FE) 250,00	00 64ths (		
							Strike Price	May	Jun CA	Jul S	ep Ma	y Ju	PUTS -	Sep
			•				106	1-09	1-41	1-57 2-	27 0-1	5 0-47	7 1-09	1-43
							109 110	0-33 0-11			58 0-8 29 1-1			2-10 2-45
BOND FUT	URES A	ND 0	PTION	\$				tol. Celle 262						
France							Ecu							
MOTIONAL F				) FFr500,0				OND FUT	IRES MA	TIES ECUM	000 000			
Oper Jun 128.5		Chang0.26		Low 128.24		Open int.		Open	Sett price	Change	High	Low	Fat vol	.Open int.
Sep 126.9	0 126.68	-0.26		126.90	106,596 2	159,078 5,162	Jun	94.38	94.12	-0.25	94.38	93.98	1,344	8,435
Dec 96.50		~0.26		96.56	5	-								
Strike -		45			PUTS -		US							
		iu.	Sep	May	Jun	Sep		EASURY B	OND FUT	URES (CE	T) \$100.00	10 32nds	of 100%	
127	.42 1.	74	1.38	0.08				_			-7 - 1-1-1-1			
190	105 1				0.41	1.70		Open	Latest	Change	High	Low	Est. vol.	Open Int.
129	).1 <del>0</del> 0.1	06 58	0.93 0.60	0.31	0.75 1.23	2.23 2.90	Jun	Open 107-09	107-08	Change -0-03	High 107-17	Low 107-04	313,385	Open Int. 430,989
129 ( 130	0.18 0.1 0.03 0.1	06 58 26	0.93 0.60 0.37	0.31 0.85 1.89	0.75 1.23 1.91	2.23	Sep	-	107-08 106-25	_			313,385 1,286	430,989 34,886
129 ( 130	1.10 0.1 1.03 0.1 1.01 0.1	08 58 26 09	0.93 0.80 0.37 0.22	0.31 0.85 1.89 2.67	0.75 1.23 1.91 2.74	2.23 2.90		107-09	107-08	-0-03	107-17	107-04	313,385	490,989
129 (130) (131) (1	1.10 0.1 1.03 0.1 1.01 0.1	08 58 26 09	0.93 0.80 0.37 0.22	0.31 0.85 1.89 2.67	0.75 1.23 1.91 2.74	2.23 2.90	Sep	107-09	107-08 106-25	-0-03	107-17	107-04	313,385 1,286	430,989 34,886
129 (130 (131 (131 (131 (131 (131 (131 (131	0.18 0.1 0.03 0.1 0.01 0.1 801 Puts 7,98	08 58 26 09 ) . Previou	0.93 0.60 0.37 0.22 s day's open	0.21 0.85 1.89 2.67 nt, Calls 12	0.75 1.23 1.91 2.74 5,421 Pubs 1	2.23 2.90	Sep Dec Japan a NOTIO	107-09 106-24	107-08 108-25 106-18	-0-03 -0-03 -	107-17 108-28	107-04 106-23	313,385 1,286 281	430,989 34,886
129 130 131 Est vol. total, Cafe 6 Germany it NOTIONAL G	0.19 0.0 0.03 0.0 0.07 0.0 801 Pus 7,98	08 58 26 09 ) . Previou	0.93 0.80 0.37 0.22 0.49/s open	0.31 0.85 1.89 2.67 rd, Calls 12	0.75 1.23 1.91 2.74 6,421 Puts 1	2.23 2.90  44,554.	Sep Dec Japan a NOTIO	107-09 106-24 NAL LONG Y100m 10	107-08 106-25 106-15	-0-03 -0-03 -0-03	107-17 106-28	107-04 106-23	313,385 1,266 281 TURES	430,989 34,886 5,809
129 130 131 Est. vol. total, Cafe 8 Germanny it NOTIONAL G	0.19 0.1 0.03 0.1 0.07 0.1 801 Pus 7,98 EHIMAN BUN	06 58 26 09 0 Previou D FUTU	0.93 0.60 0.37 0.22 0.49/s open RES (LIFFE e High	0.31 0.85 1.89 2.67 mt, Calle 12 1 DM250,	0.75 1.23 1.91 2.74 6,421 Pub 1 000 100ths	2.23 2.90  44,554 of 100%	Sep Dec Japan M NOTIO (LIFFE)	107-09 106-24 NAL LONG Y100m 10	107-08 108-25 106-18	-0-03 -0-03 -	107-17 108-28 2 GCVT. 18	107-04 106-23	313,385 1,286 261 TURES	430,569 34,866 5,809 Open int.
129 130 131 Est vol. total, Cafe 6 Germany it NOTIONAL G	0.19 0.2 0.03 0.3 0.07 0.3 801 Pues 7,98 EHIMAN BUN 15 Sett price 6 100.11	08 58 26 09 ) . Previou	0.93 0.80 0.37 0.22 0.49/s open	0.31 0.85 1.89 2.67 rd, Calls 12	0.75 1.23 1.91 2.74 6,421 Puts 1	2.23 2.90  44,554 of 100%	Japan A NOTIO (LIFFE) Jun Sep	107-09 108-24 108-24 NAL LONG Y100m 10 Open 127.09 125.81	107-08 106-25 106-15 106-15 Cities of 10	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-23 108-23 1080 FU Low 126,91 125,81	313,385 1,296 261 TURES Est. vol 2141 46	430,989 34,886 5,809
129 (130 (131 (131 (131 (131 (131 (131 (131	0.19 0.2 0.03 0.3 0.07 0.3 801 Pues 7,98 EHIMAN BUN 15 Sett price 6 100.11	06 58 26 09 0 Previou D FUTU Chang	0.93 0.80 0.37 0.22 a day's open RES (LIFFE e High 100.38	0.31 0.85 1.89 2.67 rt, Calle 12 3* DM250, Low 100.02	0.75 1.23 1.91 2.74 6.421 Pub 1 000 100ths Est. vol	2.23 2.90 44,554. of 100%	Japan A NOTIO (LIFFE) Jun Sep	107-09 108-24 108-24 NAL LONG Y100m 10 Open 127.09	107-08 106-25 106-15 106-15 Cities of 10	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-23 108-23 1080 FU Low 126,91 125,81	313,385 1,296 261 TURES Est. vol 2141 46	430,989 34,886 5,809 Open int.
129 (130 (131 (131 (131 (131 (131 (131 (131	0.19 0.1 0.03 0.1 0.07 0.2 0.07 Puts 7,99 ERIMAN BUN 0. Sett price 6 100.11	08 58 26 09 0 Previou D FUTU: Chang -0.16	0.93 0.80 0.37 0.22 a day's open RES (LIFFE e High 100.38	0.31 0.85 1.89 2.67 rt, Calle 12 3* DM250, Low 100.02	0.75 1.23 1.91 2.74 6.421 Pub 1 000 100ths Est. vol	2.23 2.90 44,554. of 100%	Japan A NOTIO (LIFFE) Jun Sep	107-09 108-24 108-24 NAL LONG Y100m 10 Open 127.09 125.81	107-08 106-25 106-15 106-15 Cities of 10	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-23 108-23 1080 FU Low 126,91 125,81	313,385 1,296 261 TURES Est. vol 2141 46	430,989 34,886 5,809 Open int.
129 (130 (131 (131 (131 (131 (131 (131 (131	0.19 0.1 0.03 0.1 0.07 0.2 0.07 Puts 7,99 ERIMAN BUN 0. Sett price 6 100.11	08 58 26 09 0 Previou D FUTU: Chang -0.16	0.93 0.80 0.37 0.22 a day's open RES (LIFFE e High 100.38	0.31 0.85 1.89 2.67 rt, Calle 12 3* DM250, Low 100.02	0.75 1.23 1.91 2.74 6.421 Pub 1 000 100ths Est. vol	2.23 2.90 44,554. of 100%	Japan A NOTIO (LIFFE) Jun Sep	107-09 108-24 108-24 NAL LONG Y100m 10 Open 127.09 125.81	107-08 106-25 106-15 106-15 Cities of 10	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-23 108-23 1080 FU Low 126,91 125,81	313,385 1,296 261 TURES Est. vol 2141 46	430,989 34,886 5,809 Open int.
129 (130 (131 (131 (131 (131 (131 (131 (131	0.19 0. 0.03 0. 0.07 0. 801 Pus 7.99 ERIMAN BUN 0. Sett prior 6. 100.11 99.11	08 58 58 09 0 Previou D FUTUS O Chang -0.16	0.93 0.80 0.37 0.22 a day's open RES (LIFFE a High 100.38 99.22	0.31 0.85 1.89 2.67 art, Calle 12 1 DM250, 100.02 99.11	0.75 1.23 1.91 2.74 6.421 Pub 1 000 100ths Est. vol	2.23 2.90 - 44,554. 44,554. 40 of 100% Open Int. 257125 5274	Japan in Notice (LIFFE) Jun Sap - LIFFE ton	107-09 106-24 106-24 100m 10 Open 127.09 127.09 125.81	107-08 108-25 106-18 2 TERM . Othe of 1 Close	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-23 108-23 1080 FU Low 126,91 125,81	313,385 1,296 261 TURES Est. vol 2141 46	490,989 94,886 5,809 Open int.
129 (130 (131 (131 (131 (131 (131 (131 (131	0.19 0. 0.03 0. 0.07 0. 801 Pus 7.99 ERIMAN BUN 0. Sett prior 6. 100.11 99.11	08 58 26 09 0 Previou D FUTU: Chang -0.16	0.93 0.80 0.37 0.22 a day's open RES (LIFFE a High 100.38 99.22	0.31 0.85 1.89 2.67 art, Calle 12 1 DM250, 100.02 99.11	0.75 1.23 1.91 2.74 6.421 Pub 1 000 100ths Est. vol	2.23 2.90 - 44,554. 44,554. 40 of 100% Open Int. 257125 5274	Japan A NOTIO (LIFFE) Jun Sep	107-09 108-24 NAZ. LONG Y100m 10 Open 127.09 125.81 res also tas	107-08 108-25 106-18 2 TERM . Othe of 1 Close	-0-03 -0-03 -0-03 -0-03 -009 -0096 -0096 -0096	107-17 106-28 2 GCVT. 18 High 127.10 125.81	107-04 106-28 	313,385 1,296 261 TURES Est. vol 2141 46	430,989 34,886 5,809 Open int.
129 130 131 Est. vol. total. Cafe 6 Germany III NOTIONAL GI Jun 100.3 Sep 99.2: UK GILTS	D.19 0.0 D.03 0.0 D.07 0.0 BOT Puts 7,99 ERIMAN BUN 1 Sett price 6 100.11 99.11  PERICES 1 tot Ro	08 58 58 58 58 58 58 58 58 58 58 58 58 58	0.93 0.80 0.37 0.22 a dey's open RES (LIFFE e High 100.38 99.22	0.21 0.85 1.89 2.67 art, Calle 12 2 DM250, 100.02 99.11	0.75 1.23 1.91 2.74 6.421 Puts 1 000 100ths Est. vol 144043 1240	2.23 2.90 	Japan ii Notto (LIFFE) Jun Sap - LIFFE tun	107-09 108-24 NAZ. LONG Y100m 10 Open 127.09 125.81 res also tas	107-08 108-25 106-15 2 TERM . Other of 1 Close ded on AP1	-0-03 -0-03 -0-03 -0-09 -0096 Change	107-17 108-28 2 GCVT. 11 127-10 125-81 100-10 fgs.	107-04 108-23 108-23 100ND FU 128-91 125-91 125-91 125-91 126-91	313,385 1,286 281 TURES Est. vol 2141 46 Mous day.	490,989 34,986 5,809 Open int. ne re re
120 (131 (131 (131 (131 (131 (131 (131 (13	0.19 0.00 0.00 0.00 0.00 0.00 0.00 0.00	08 26 09 0 - Previous D FUTUS D Change -0.16 -0.18 2 100 4 2 100 4 3 100 15	0.93 0.60 0.37 0.22 a dey's open RIES (LIFFE e High 100.38 90.22	0.21 0.85 1.89 2.67 nt, Calle 12 100.02 100.02 100.02 100.02 100.02 100.02 100.02 100.02 100.02	0.75 1.23 1.91 2.74 5.421 Puts 1 0000 100ths Est. voi 144043 1240	2.23 2.90	Sep Dec  Japann nt Notto (LIFFE)  Jun Sep - LIFFE tun Red Pice II - 7.97 100% 7.55 1018	107-09 106-24 NAL LONG Y100m 10 Cpen 127.09 125.81 125.81 125.81 125.81 126.81 127.8 137.8 14.1 14.1 14.1 14.1 14.1 14.1 14.1 14	107~08 108-25 106-15 2 TERM . Other of 1 Close ded on APT	-0-03 -0-03 IAPANIESE 00% Change ( All Open is	107-17 108-28 2 GCVT. 11 127-10 125-81 100-10 fgs.	107-04 108-23 10ND FU Low 128-91 125-91 are for pro	313,385 1,286 281 TURES Est. vol 2141 46 evicus day.	490,989 34,986 5,809 Open int. ne ne ne 146, 1197
129 130 131 Est. vol. total. Cafe 6 Germanny III. NOTIONAL GI  Oper Jun 100.3 Sep 99.2  UK GILTS  Not Peach" phes up to Fe Tress Car /pc 1997#1 Tress 8/pc 1997#1 Tress 8/pc 1997#1	0.19 0.0 0.03 0.0 0.07 0.0 0.07 0.0 0.0801 Puts 7,99  ERIMAN BUN 1 Sett price 6 100.11 99.11  PERCES 1 tit Ref 8 1988 8.2 14.44 8.3	08   58   58   58   58   58   58   58	0.93 0.80 0.37 0.22 0.27 0.22 0.27 0.22 0.27 0.38 90.22 0.32	0.21 0.85 1.89 2.67 ret, Calle 12 0 DM250, 100.02 99.11 100.22 100.32 100.33 Trets 100.33	0.75 1.23 1.91 2.74 5.421 Puts 1 0000 100ths Est. voi 144043 1240 174pc 2008-6; 8pc 2002-6; 114pc 2003-	2.23 2.90 	Japann ii Notto (LIFFE) Jun Sap - LIFFE tun Red Pilot E - 7.57 100 <sup>5</sup> g 7.58 101 <sup>1</sup> 7.51 119 <sup>5</sup> pd	107-09 106-24 NAL LONG Y100m 10 Open 127.09 125.81 127.81 148 148 148 148 148 148 148 148 148 1	107-08 108-25 106-15 2 TERM , Other of 1 Close ded on APT Use 95,3 Industrial 95,3 Industrial 95,3 Industrial 95,3 Industrial	-C-03	107-17 108-28 2 GOVT. 1 127-10 125-81 14mmst figs.	107-04 108-23 10ND FU Low 128.91 125.61 are for pro	313,385 1,286 281 TURES Est. vol 2141 46 evicus day.	490,989 34,986 5,809 Open int. ne ne ne 146, 1197
129 130 131 Est. vol. total. Cafe 6.  Germanny III. NOTIONAL GI Oper Jun 100.3 Sep 99.2:  UK GILTS  Hotel Total Cafe 1971; Esch 15pc 1897;	0.19 0.0 0.03 0.0 0.07 0.0 0.0801 Puts 7.99  ERIMAN BUN 0. Sett prior 6 100.11 99.11  PSICES  a Years) - 6.98 62 - 6.97 62 - 14.34 6.3 - 9.52 6.4 - 7.21 6.5	08   100   2   1	0.93 0.80 0.87 0.22 0 dey's open RES (LIFFE  High 100.38 99.22  1113 1143 1143 1143 1143	0.21 0.85 1.89 2.67 rd, Cafe 12  Cafe 12  Company 100.02 99.11  Tops 1002 1003 1003 1003 1003 1004 1004 1005 1005 1005 1005 1005 1005	0.75 1.23 1.91 2.74 5.421 Puts 1 6.421 Puts 1 144043 1240 174pc 2008; 8pc 2002-0; 114pc 2009; 872 2009; 87	2.23 2.90 - 44,554 0 of 100% Copen Int. 267126 6274	Japann ii Notice (LFFE) Jun Sep LIFFE tun 7.57 100°s 7.51 10°s 7.51 110°s 7.51 110°s 7.51 10°s 7.51 10°s	107-09 106-24 NAZ LONG Y100m 10 Open 127.98 127.98 127.98 14 1074 14 1074 14 1074 14 1074	107-08 108-25 106-15 2 TERM . Other of 1 Close ded on APT Use 96,3 Index 90,4 43 1015,4 1015,4 1015,4 1015,4	-C-03 -C-03 -C-03 -Change Change Change -United (C 981) -C-03 -C-0	107-17 108-28 1 GOVT. II 127:10 125:81 125:81 100:00 (0) 105:9 105	107-04 108-23 108-23 108-23 128-91 12	313,385 1,286 281 TURES Est. vol 2141 46 evicus day.	490,989 34,986 5,809 Open int. ne ne ne 146, 1197
129 130 131 Est. vol. total. Cafe 6 Germany III. NOTIONAL GI  Oper Jun 100.3 Sep 99.2  UK GILTS  Not Paneter these up to Fe Tress 62-70; 1997‡‡ Exch 150; 1997 Exch 150; 19	0.109 0.0 0.03 0.0 0.07 0.0 0.07 0.0 0.0801 Puts 7,99 0.0	08   100   1	0.93 0.60 0.37 0.22 a dey's open 100.38 90.22 1073 1073 1073 1093 1093 1093	0.21 0.85 1.89 2.67 ret, Calle 12 1 DM250,1 1002 1002 1003 1003 1003 1003 1003 100	0.75 1.23 1.91 2.74 5.421 Puts 1 0000 100ths Est. voi 144043 1240 174pc 2008-6; 8pc 2002-6; 114pc 2003-	2.23 2.90 - 44.554.  Open Int. 257126 6274  Notes bit 7.70 - 4.803 - 7.45 - 7.45	Japann ii Notto (LIFFE) Jun Sap - LIFFE tun Red Pilot E - 7.57 100 <sup>5</sup> g 7.58 101 <sup>1</sup> 7.51 119 <sup>5</sup> pd	107-09 106-24 NAL LONG Y100m 10 Open 127.09 125.81 127.81 148 148 148 148 148 148 148 148 148 1	107~08 108-25 106-15 106-15 2 TERM , Other of 1 Close ded on APT 108-25 1015-27 1151-25 1015-47 1015-4	-O-03	107-17 108-28 108-28 127-10 127-10 125-81 125-81 108-9	107-04 108-23 10ND FU Low 128-91 125-81 25-81 25-81 28-81 29-81 29-81 31-82 41 3-82 41	313,385 1,286 281 TURES Est. vol 2141 46 adout day.	490,989 34,986 5,809  Open int.  ne ne 114's 11111 1873 17712 1873 17712 1873 18713 1873 18713 1873 18713
120 130 130 131 Est. vol. total. Cafe 6.  Germanny III. NOTIONAL GI  Oper JOURNAL GI  Aur 100.3 Sop 99.2:  UK GILTS  Hotellor (Lives up to Five 1997): Esch 150c 1897 Esch 150c 1897 Esch 150c 1897 Fress 14-jec 1998 Tress 14-jec 1998	0.109 0.0 0.03 0.0 0.07 0.0 0.07 0.0 0.080 Puts 7.99 ERIMAN BUNG 6 100.11 99.11 DERICES 1 100.11 99.11 DERICES 1 4.34 6.3 9 7.21 6.5 1 13.84 6.8 1 1.13 6.8 1 1.13 6.8	08   100   2   1	0.93 0.80 0.87 0.22 0.87 0.22 0.87 0.22 0.87 0.88 0.87 0.38 0.38 0.32 0.37 0.38 0.38 0.38 0.38 0.38 0.38 0.38 0.38	0.21 0.85 1.89 2.67 rd, Cafe 12 100.02 99.11 100.2 100.3 100	0.75 1.23 1.91 2.74 5.621 Puts 1 144043 1240 174pc 20004; 114pc 2007 1714pc 2007 1714pc 2007	2.23 2.90 - 44.554.  Open Int. 257126 6274  Notes bit 7.70 - 4.803 - 7.45 - 7.45	Japanna Norto (LIFFE) Jun Sep - LIFFE tun Red Pice I - 7.57 100% 7.55 100% 7.56 105% 7.57 105% 7.58 105% 7.59 105%	107-09 108-24 108-24 108-24 108-24 127.09 125.81 12	107-08 108-25 106-15 106-15 2 TERM . Other of 1 Close ded on APT Use 952 Main 1151, 25 1013, 47 1953 25 1014, 47 1953 25 1014, 47 1953 25 1014, 47 1953 25 1014, 47 1015, 77 1015, 77 1	-C-03	107-17 108-28 108-28 108-28 127-10 125-81 128-9 108-9	107-04 108-23 10ND FU 128-91 125-51 are for pn 2.90 14 3.97 14 3.97 18 1.92 18 1.92 19 3.93 19 3.93 10	313,385 1,286 281 TURES Est. vol 2141 46 adout day.	490,989 34,986 5,809  Open int.  ne ne 114's 11111 1873 17712 1873 17712 1873 18713 1873 18713 1873 18713
129 130 131 Est. vol. total. Cafe & Germany Ill. NOTIONAL GS UK GILTS  Not Saction (Lines up to Fit Treas Care 1997;† Esch 15pc 1997 Esch 15pc 1997 Treas 1-2pc 1999 Treas 1990 Treas 19	0.109 0.003 0.007	08   100   1	0.93 0.60 0.37 0.22 0.60 0.27 0.22 0.60 0.60 0.37 0.22 0.60 0.38 0.30 0.30 0.30 0.30 0.30 0.30 0.3	0.21 0.85 1.89 2.67 ret, Calle 12 10042 10042 10042 10043 10043 10043 10044 10	0.75 1.23 1.91 2.74 5.421 Puts 1 000 100ths Est. voi 144043 1240 74pp 2008; 8pc 2002-0; 114pc 2003-87; 124pc 2005 6 1/4pc 2016 6 1/4pc 2016 6 1/4pc 2016	2.23 2.90 - 44.554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec Japann in Notto (LIFFE) Jun Sap - LIFFE tun Red Pilot E - 7.57 100% 7.58 1018 7.51 1195-14 7.52 1073-1 7.72 1059-14 7.78 1072 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1	107-09 106-24 NAL LONG Y100m 10 127.09 125.81 127.9 125.81 127.9 128.1 127.9 128.1 127.9 128.1 1	107-08 108-25 106-15 106-15 2 TERM . Other of 1 Close 30-3 44 1014 42 1014 42	-C-03	107-17 108-28 108-28 127-10 127-10 125-81 108-2	107-04 108-23 108-23 108-23 128-91 125-81 243-24 108-24 10	313,385 1,286 281 TURES Est. vol 2141 46 adout day.	490,989 34,986 5,809  Open int.  ne ne 114's 11111 1873 17712 1873 17712 1873 18713 1873 18713 1873 18713
129 130 131 Est. vol. total. Cafe 6.  Germany III. NOTIONAL GI  Oper Jun 100.3 Sop 99.2  UK GILTS  Holinary Est 15pc 1997 Est 15pc 1997 Est 15pc 1997 Est 15pc 1997 Fress 14-jpc 1998 Tress 14-jpc 1998 Tress 14-jpc 1998 Tress 14-jpc 1999 Tress 17-jpc 1999	0.109 0.0 0.03 0.0 0.07 0.0 0.07 0.0 0.0801 Puts 7,99 0.0	08   100   1	0.93 0.80 0.80 0.87 0.22 0 dey's open 100.38 99.22 0 1003 1143 1143 1144 1144 1144 1144 1144	0.21 0.85 1.89 2.67 ret, Calle 12 10042 10042 10042 10043 10043 10043 10044 10	0.75 1.23 1.91 2.74 5.421 Puts 1 0000 100ths Est. void 144043 1240 174pc 2000+; 8yr 2002-4; 114pc 2003- 87 pc 2003-; 7 14pc 2003-; 5 pc 2003-; 5 pc 2005-; 5 pc 20	2.23 2.90 - 44.554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec	107-09 106-24 NAL LONK Y100m 10 Open 125.81 125.81 125.81 1074 14 1044 14 1044	107-08 108-25 106-15 106-15 2 TERM . Other of 1 Close 100 APT 100 4 101	-C-03	107-17 108-28 1 90VT. 1 127-10 125-81 125-81 105-9 17-3 105-9 17-3 105-9 17-3 105-9 17-3 105-9 17-3 105-9 17-3 105-9 17-3 105-9 17-3 17-3 17-3 18-3 18-3 18-3 18-3 18-3 18-3 18-3 18	107-04 108-23 10ND FU 128-91 125-51 25-51	313,385 1,286 281 TURES Est. vol 2141 46 adout day.	490,989 34,986 5,809  Open int.  ne ne 114's 11111 1873 17712 1873 17712 1873 18713 1873 18713 1873 18713
129 130 131 Est. vol. total. Cafe 6 Gerranauny III. NOTIONAL Gr Jun 100.3 Sop 99.2  UK GILTS  Note 197 Peas 8-pc 1997 Peas 15-pc 1998 Peas 10-pc 1998	0.109 0.000	08   100   1	0.53 0.60 0.57 0.22 0.69's open 100.38 90.22 1003	0.21 0.85 1.89 2.67 2.67 2.67 2.60 100.02 99.11 100.1	0.75 1.23 1.91 2.74 5.421 Puts 1 000 100ths Est. voi 144043 1240 74pp 2008; 8pc 2002-0; 114pc 2003-87; 124pc 2005 6 1/4pc 2016 6 1/4pc 2016 6 1/4pc 2016	2.23 2.90 - 44.554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec Japann in Notto (LIFFE) Jun Sap - LIFFE tun Red Pion E - 7.57 100% 7.53 10135 7.51 1195-14 7.52 1073-1 7.72 1059-14 7.78 1072 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1	107-09 106-24 NAL LONG Y100m 10 127.09 125.81 127.9 125.81 127.9 128.1 127.9 128.1 127.9 128.1 1	107-08 108-25 108-15 108-15 2 TERM 10the of 11 Close 953 India 953 20 1014 25 1014	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 108-9 17-9 128-9	107-04 108-23 108-23 108-23 125-81 12	313,385 1,286 281 TURES Est. vol 2141 46 estous day. 114 177.4 177	490,989 34,886 5,809  Open int.  na na 114-11111 187-18 177-18 187-18 177-18 187-18 187-18 187-18-18 187-18-18 187-18 187-1
129 130 131 Est. vol. total. Cafe 6.  Germany III. NOTIONAL GI Oper Jun 100.3 Sop 99.2:  UK GILTS  Holinary Exch 15pc 1997; Exch 15pc 1997; Exch 15pc 1997; Exch 15pc 1997; Exch 15pc 1998; Tress 15-gc 1991; Tres	0.109 0.0 0.03 0.0 0.07 0.0 0.07 0.0 0.080 Puts 7,99 0.080 Put	08   100   1	0.53 0.60 0.57 0.22 0.27 0.22 0.27 0.22 0.23 0.23 0.24 0.38 0.38 0.32 0.38 0.32 0.38 0.38 0.38 0.38 0.38 0.38 0.38 0.38	0.21 0.85 1.89 2.67 ret. Calle 12 1 DM250,0 100.02 99.11 1002 1002 1003 1003 1003 1003 1003 10	0.75 1.23 1.91 2.74 5.421 Puts 1 000 100ths Est. voi 144043 1240 74pp 2008; 8pc 2002-0; 114pc 2003-87; 124pc 2005 6 1/4pc 2016 6 1/4pc 2016 6 1/4pc 2016	2.23 2.90 - 44.554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec Japann in Notto (LIFFE) Jun Sap - LIFFE tun Red Pion E - 7.57 100% 7.53 10135 7.51 1195-14 7.52 1073-1 7.72 1059-14 7.78 1072 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1	107-09 106-24 NAL LONG Y100m 10 127.09 125.81 127.9 125.81 127.9 128.1 127.9 128.1 127.9 128.1 1	107-08 108-25 106-15 106-15 2 TERM . Other of 1 Close ded on APT Close 95, index 95, 2, 101, 2, 101, 3, 111, 111, 111, 111, 111, 111,	-C-03	107-17 108-28 108-28 127-10 125-10 125-81 127-10 125-81 128-9 21 128-9 21 128-9 21 128-9 21 128-9 31 128-9 31 1	107-04 108-23 10ND FU 128-91 125-81 25-81	313,385 1,286 281 TURES Est. voi 46 Mous dey. 114	490,989 34,886 5,809  Open ini.  na na 114-111111 157-3 177-3-1 158-3 177-3-1 158-3 177-3-1 158-3 182-3 183-3 167-3 182-3 183-3 167-3 184-3 157-3 184-
129 (130 (131 (131 (131 (131 (131 (131 (131	0.109 0.000	08   100   1	0.53 0.60 0.57 0.22 0.60% open 0.60% open 100.38 90.22 0.60% open 100.38 90.22 0.60% open 100.38 100% open 100% ope	0.21 0.85 1.89 2.67 1.89 2.67 1.89 2.67 100.02 99.11 1002 1002 1003 1003 1003 1003 1003 10	0.75 1.23 1.91 2.74 5.421 Puts 1 000 100ths Est. voi 144043 1240 74pp 2008; 8pc 2002-0; 114pc 2003-87; 124pc 2005 6 1/4pc 2016 6 1/4pc 2016 6 1/4pc 2016	2.23 2.90 - 44.554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec Japann in Notto (LIFFE) Jun Sap - LIFFE tun Red Pion E - 7.57 100% 7.53 10135 7.51 1195-14 7.52 1073-1 7.72 1059-14 7.78 1072 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1 7.78 1073-1	107-09 106-24 NAL LONG Y100m 10 127.09 125.81 127.9 125.81 127.9 128.1 127.9 128.1 127.9 128.1 1	107~08 108-25 106-15 106-15 2 TERM : 100m of 1 Close 100m of 1 Close 100m of 1 100m of	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 127-10 125-81 128-9 178	107-04 108-23 108-23 108-23 128-91 128-91 128-91 128-91 128-91 138-138	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,886 5,809  Open ini.  na ra  189
129 (130 (131 (131 (131 (131 (131 (131 (131	0.109 0.003 0.0007 0.00	08   100   1	0.53 0.60 0.57 0.22 0.60 0.57 0.22 0.60 0.60 0.60 0.60 0.60 0.60 0.60	0.21 0.85 1.89 2.67 ret, Calle 12 1002 1003 1003 1003 1003 1003 1003 10	0.75 1.29 1.91 2.74 5.421 Puts 1 6.421 Puts 1 6.421 Puts 1 144043 1240 74pc 2008; 8pc 2002-0; 114pc 2003 87pc 2009; 87 14pc 2009; 8pc 2000; 8pc 20	2.23 2.90 - 44,554.  of 100% Open Int. 257126 6274  illotes lot - 7.70 - 8.80 7.85	Sep Dec Japann in Notto (LIFFE) Jun Sap - LIFFE tun Red Pion E - 7.57 100% 7.58 1018 7.51 11954 7.53 173 7.75 1074 7.75 11074 7.75 11074 7.76 11074 7.77 11074	107-09 106-24 NAL LONG Y100m 10 127.09 125.81 127.9 125.81 127.9 125.81 127.9 128.1 127.9 128.1	107-08 108-25 106-15 106-15 2 TERM . Other of 1 Close  106-15 2 TERM . 2 TE	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 127-10 125-81 128-9 178	107-04 108-23 108-23 108-23 128-91 128-91 128-91 128-91 128-91 138-138	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,986 5,809  Open int.  Ina  114's 11111 116's 177's 122's 122's 122's 123's 123'
129 130 131 Est. vol. total. Cafe 6.  Germany III. NOTIONAL GI Open Jun 100.3 Sep 99.2:  UK GILTS  Hotels Quess up to fine Treas Page 1997; Esta 150: 1997 Esta 150: 1999 Treas 150: 1998 Treas 150	0.109 0.003 0.0007 0.00	08   100   1	0.53 0.60 0.57 0.22 0.60 0.57 0.22 0.60 0.57 0.22 0.60 0.50 0.50 0.50 0.50 0.50 0.50 0.50	0.21 0.85 1.89 2.67 1.89 2.67 1.99 2.67 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.0	0.75 1.23 1.91 2.74 5.421 Puts 1 5.421 Puts 1 6.421 Puts 1 144043 1240 174pc 2006; 8pc 2002-0; 114pc 2007; 7 14pc 2007; 7 14pc 2007; 6 14pc 2007; 6 14pc 2007; 9pc 200 ; 6 14pc 2007; 9pc 2006; 9pc Le 2011; \$	2.23 2.90 - 44,554.  of 100% Open Int. 267126 6274  ione	Sep Dec Japann III NOTIC (LFFE) Jun Sep - LFFE Inn	107-09 106-24 106-24 106-24 106-24 127.09 125.81	107-08 108-25 108-25 108-25 108-15 2 TERM 108te of 10 Close 95.3 Index 95.3 1914 22 1014 25 1014 27 1014 27 1014 1047 1047 1047 1047 1047 1047 104	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 127-10 125-81 128-9 178	107-04 108-23 108-23 108-23 128-91 128-91 128-91 128-91 128-91 138-138	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,886 5,809  Open ini.  na ra  189
129 (130 (131 (131 (131 (131 (131 (131 (131	0.109 0.003 0.0000 0.003 0.0000 0.000	08   08   08   09   09   09   09   09	0.53 0.60 0.57 0.22 0.60 0.57 0.22 0.60 0.60 0.60 0.60 0.60 0.60 0.60	0.21 0.85 1.89 2.67 nt. Calle 12 1.09 1.00.02 99.11 1.003 1.	0.75 1.29 1.91 2.74 5.421 Puts 1 6.421 Puts 1 6.421 Puts 1 144043 1240 74pc 2008; 8pc 2002-0; 114pc 2003 87pc 2009; 87 14pc 2009; 8pc 2000; 8pc 20	2.23 2.90	Sep Dec   Japann M. NOTTO (LFFE)  Jun Sep - LFFE Int.  7.57 100°s 1013  7.51 110°s 1073  7.51 110°s 1073  7.51 10°s 10°s 10°s 10°s 10°s 10°s 10°s 10°	107-09 106-24  NAL LONG Y100m 10  Open 127.09 125.81 125.81 125.81 107.4 1081 1081 1081 1081 1081 1081 1081 108	107-08 108-25 108-25 108-15 108-15 2 TERM 108-16 108-16 108-18 2 TERM 108-18 1	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 127-10 125-81 128-9 178	107-04 108-23 108-23 108-23 128-91 128-91 128-91 128-91 128-91 138-138	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,886 5,809  Open int.  ne na 114-1111111111111111111111111111111111
129 130 131 Est. vol. total. Cafe 6.  Germany III. NOTIONAL GI Operation Ope	0.109 0.003 0.0000 0.003 0.0000 0.000	08   08   08   09   09   09   09   09	0.53 0.637 0.222 0.667 0.222 0.667 0.222 0.667	0.21 0.85 1.89 2.67 ret. Calle 12 100.22 100.32 100.32 100.33 100.33 100.34 100	0.75 1.23 1.27 1.91 2.74 5.421 Puts 1 000 100ths Est. vol 144043 1240 71ups 2008; 8pc 2002-6; 114ups 2003 6 1/4pc 2003 6 1/4pc 2003 6 1/4pc 2015; 8pc 2008-1 8pc 2015; 8pc 2015; 8pc 2015; 8pc 2015; 8pc 2015; 8pc 2015;	2.23 2.90	Sep Dec Japann III NOTIC (LFFE) Jun Sep - LFFE Inn	107-09 106-24 106-24 106-24 106-24 127.09 125.81	107-08 108-25 108-25 108-25 108-15 2 TERM 108te of 10 Close 95.3 Index 95.3 1914 22 1014 25 1014 27 1014 27 1014 1047 1047 1047 1047 1047 1047 104	-C-03	107-17 108-28 108-28 127-10 125-81 127-10 125-81 127-10 125-81 128-9 178	107-04 108-23 108-23 108-23 128-91 128-91 128-91 128-91 128-91 138-138	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,986 5,809  Open int.  Ina  114's 11111 1152 1772 184's 1735 1803 1873 1803
129 130 131 Est. vol. total. Cafe 6.  Germany III. NOTIONAL GI Operation Ope	0.109 0.003 0.0000 0.003 0.0000 0.000	08   08   08   09   09   09   09   09	0.53 0.637 0.222 0.667 0.222 0.667 0.222 0.667	0.21 0.85 1.89 2.67 ret, Calle 12 1002 1003 1003 1003 1003 1003 1003 10	0.75 1.25 1.291 2.74 5.421 Puts 1 6.421 Puts 1 6.421 Puts 1 144043 1240 74pc 2002-0; 114pc 2003-0; 8pc 2003-0; 8pc 2003-1 8pc 2003-1 8pc 2003-1 8pc 2011; \$pc 2012+1 8pc 2013+1 74pc 2015-1 8pc 2017-1 8pc 2017-1 8pc 2017-1 8pc 2017-1 8pc 2017-1 8pc 2017-1	2.23 2.90 - 44,554.  of 100% Open Int. 257126 5274  ion 7.70	Sep Dec	107-09 106-24 106-24 NAL LONG Y100m 10 127.09 125.81 127.0 also bas 127.0 also ba	107-08 108-25 106-15 10	-C-03	107-17 108-28 108-28 127-10 127-10 125-81 127-10 125-81 128-9 31 178-9 31 1	107-04 108-23 108-23 108-23 128-91 125-81 28 1-25 125-81 29 1-25 29 1-25 20 1-	313,385 1,286 281 1URES Est. vol 2141 46 Mous day.  114 1151 1171 1175 1175 1175 1175 1175	490,989 34,886 5,809  Open int.  ne n
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### CURRENCIES AND MONEY

# Tokyo threatens to boost the yen

MARKETS REPORT

The dollar slipped back long slide but was prepared yesterday after Tokyo officals hinted that they would reverse it. Ha said that the surplus with Japan's rising trade surplus with the US. Washto support the yen.

Later in the day Mr Robert Rubin, US treasury accretary, auggested for the first time that the weak yen had worsened the US trade defi- cial, said intervention was minister of Japan stated last cit with Japan. However, he also said that economic fundamentals supported a nomic fundamentals. strong dollar - a sign that Japan and the US no longer helieve that the Bank of in its external surplus." This

saw eye-to-eye on currencies. The dollar, which had risen 4 per cent in the past week, had been sold off in rency rises to Y127 or Y128 anticipation of Mr Rnbin's against the yen. When it last statement. But after he hit this level, in August 1992, spoke, the US currency rallied somawhat, oo. markat - Pound in New York relief that he had failed to endorse intervention plans.
The dollar closed Y0.5 down The dollar closed Y0.5 down in London at Y126.1.

Mr Hiroshi Mitsuzuka

POUND SPOT FOR

yesterday gave the clearest support the yen. Mr Robert sign yet that Japan not Rubin, US treasury secremerely opposed the yen's tary, for the first time explicsoon intervene in the market yea's fall had been excessive ington shared Japan's conand that Japan would deal cern over the yea's fall "decisively" with any such "because of the impact on

excessive moves. Mr Eisuke Sakakibara, the were devisting from eco-

Japan will sell some of its \$219.4bn worth of dollars in the market if the US cur-

Japan's finance minister, the bank also intervened to the surplus." he said.
But he then added: "I

senior finance ministry offi- would note that the prime possible as exchange rates week that Japan needs to accomplish strong domestic demand-led growth and Forex strategists now svoid a significant increase suggested that Washington still believed that to reduce the surplus, Japan should boost its economy rather than weaken the dollar.

"Our policy on the dollar is unchanged," Mr Rubin said. "Over time, exchange rates generally reflect fundamentals and the fundamentals of the US economy have heen relatively strong for the past four years."

Against the yen (Y per S)

■ German officials indicated they were happy with last week's dollar gains against the D-Mark. Mr Klaus-Dieter Knehbacher, Bundeshank council member, said: "We do not need to

strengthen the D-Mark." Mr Juergen Stark, state secretary at the German finance ministry, said the dollar's rise above DM1.72 on Wednesday was part of a

cormal market correction. Currency strategists said Germany believes a weak Rubin had never favoured D-Mark could help lead the market intervention to country into an export-led change exchange rates. Mr by the rising yen, the dollar omist at the Bank of Amerlost 0.3 pfennigs against the D-Mark to close st DM1.717.

Tokyo and Washington snawned various interpretavon Maydell, senior currency economist at UBS in London, said: "It seems that the Japanese are aggressive on weakening the dollar and the US is equivocal. Of the G7 countries, only Japan wants the

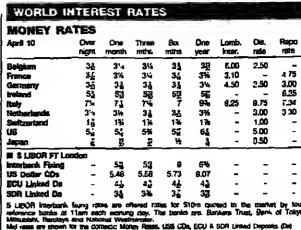
E OTHER CURR

DOLLAR SPOT FORWARD AGAINST HE DOLLAR AND THE AGAIN

Mr Von Maydell said Mr ica in Loodon, said that one message of the day was that if the Bank of Japan wanted Yesterday's talk from to sell dollars, it might have

to do so alone. Mr Hswkins said that Mr tions in the currency mar- Rubin's aim in linking the kets. But a consensus of weak yen to Japan's trade sorts did emerge. Mr Peter surplus yesterday was to slow the pace of the dollar's rise. "He wants to jawbone a kind of uncertainty into the market, to prevent the dollar becoming a one-way bet," Mr Hawkins said. Mr Paul Meggyesi, senior

currency economist at Deutsche Morgan Grenfell in Loodon. said: "The dollar has come off its highs today, but it's still looking firm. That suits both the US and Japan." Mr Ruhin was "in no sense embracing the devaluationist argument.



**EURO CURRENCY INTEREST RATES** 96.73 96.74 +0.01 96.74 96.73 14712 229938 96.68 96.67 - 96.68 96.66 9962 192080 M ONE MONTH EUROGRAPH PUTURES (LIFFE)\* DM3m points of 100% 96,76 98,78 96 78 REE MONTH EUROLINA FUTURES (LIFFE). L1000m points of 100% Open Sett price Change High Low Est, vol Open int. 107752 69755 41838 25662 +0.07 98.04 +0.06 98.01 +0.06 97.67 +0.07 97.73 97,99 98.04 97,95 96.00 THREE WONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

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Fintend	(FM)	8.3359	+0.0034			10.8653 8.8480	10,5873	10.6061	25	10.5826	2,5	10.3526	2.6	105.7	
rance	(F <del>F</del> r)	9.3653	-0.0079			9.4195	9.3552	9,3632	2.6	9,3185	2.8	9,1024	3.0	83.1 108.3	
Germany	(DAG)	2,7884	-0.0031			2.8013	2,7788	2.7819	2.8	2,7683	2.9	2,7015		104.9	
Sreece .	(Dr)	438,369	-0.719			440,098	436.655		-		-		-	65.2	
reland	(E)	1.0487	+0.0002			1-0506	1.0455	1.0484	0.3	1.0475	0.5	1.0409		102.0	
aly	말	2759.67	+4.12			2764,82	2742.38	2763.07	-1.5	2767.92	-1.2	2770.72		76.2	
lotembourg letherlands	(LFr) (F1)	57,5500 3,1361	~0.0365 ~0.0034		376	57.7950	57,3470	57.425 3.128	2.6 3.1	57.165	2.7 3.0	55.84 3.0367		103.2 102.9	
onway	(NICI)	11,3002	~0.0261			3.1493 11.3411	3,1253 11,2503	11.2757	2.6	3.1122 11.2272	2.6	11.0017		100.9	
ortugal	(Es)	279,119	-0.755			280.541	278.223	279.258	-0.6	279.543	-0.6	11.0017		94.6	
pak	(Pta)	235,495	-0,135			238,500	234,600	235.629	-0.7	235.495	0.0	234.02	0.6	77.9	
waden	(SIG)	12,4961	+0.0046		<b>060</b>	12.5170	12,4401	12,4771	1.8	12.4376	1.9	12.2419	2.0	84.4	
witzerland	(SFr)	2.3855	~0.0089	839 -	870	23984	2.3780	2.3767	4.5	2.3588	4.5	2.2745	4.5	103.5	
K	(22)					-		2.00	•	1000	•			99,3	
CV .	-	1.4278	-0.0012	267	286	1.4317	1.4222	1.4256	1.8	1.4200	1.9	1.3958	22	-	
DR†		1.186309	-	-		-			-	-	-		-	-	
mericas gentina	(Peso)	1.6238	+0.0007	222	249	1.6254	7.6185			_		_		_	
ngenunu nazi	(P45)	1.7191		184 -		1,7203	1.7137	- 1	-				:		
anada	(CS)	2,2505	+0.0068			2.2633	2.2513	2.2536	3.1	2,2420	2.9	2,1983	2.7	84.4	
	Pesal	12,8523	+0.0534			12.8587	12.7738					-1000	~	-	
SA	(5)	1.6241	+0.0008			1.8257	1.8109	1.8235	0.4	1.622	0.5	1,6145	0.6	105.7	
citie/Niddle	East/A	frica													
garalis	(AS)	2.0789	+0.0032	775 -	802	2.0871	2.0838	2.0788	0.1	2,078	0.2	2.0739	0.2	98,8	
ong Kong	(14KC\$)	12,5853	+0.0067			12,5977	12.5451	12,5807	0.4	12,5697	0.5	12.5296	0.4	-	
dia	(Rs)	50,1834	+0.0124			58,2440	58.0340	-	-				-	-	
me!	(Shk)	5.5112	-0.0012			5.5181	5,4907				4.5		4.5		
pan .	m	204,823	-0.557		949	206,220	203.590	203.853	5,7	201,993	5.5	193,389	5.6	120.5	
alaysta	(MS)	4.0690	+0.0042		708	4,0712	4,0551	0.0607		2,3558		2,376	-12	116.0	
ew Zealend	(NZS)	2,347B 42,8194	+0.0082		497 732	2,9503 42,8732	2.3383 42.7656	2,3507	-1.5	2,3000	-1.4	2.3/0	-12	1150	
hiliopines audi Arabia	(Pesc) (SR)	6.0916	+0.0033		939	6.0964	6.0721				- :			- :	
	(56)	2,3358	-0.0037		373	2.3409	2.3282		-		-		-		
COADOO							7.1891	_		_	_	_		_	
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UK clearing bank base lending rate 6 per cent from October 30, 1996

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II THREE MONTH STERLING FUTURES (LIFFE) 2500,000 points of 100%

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# SHORT STEPLING OPTIONS (LIFFE) 2500,000 points of 100%

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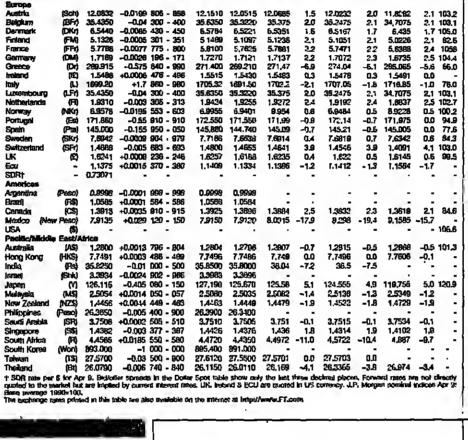
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LONDON MONEY RATES



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PHILADELPHIA SE D-MARK/\$ OPTIONS 0M52,500 (\$ per DM) May 1.60 2.02 1.49 1.68 1.71 2.09 0.15 0.32 0.23

Apr

2.26

C\$

0.720 1.998 0.809 0.859 1.807 0.947 2.258 1 1.391 1.103

Rate Change % +/- from % spread Div. against Ecu on day cen. rate v weakest ind.

-0.59 -0.01 1.02 1.43 1.53 1.60 1.72 1.75 1.76 2.06

0.953 0.036 0.379 0.885 0.358 0.425

0.800 0.419

0.916 0.488 0.700

Lalest Change High Low 0,8006 +0,0045 0,8039 0,7936 0,8116 +0,0046 0,8133 0,8065 0,8250 +0,0065 0,8250 -

-0,328 -0.00462 +0.03 +0.91

-0.00136 -0.00197 -0.001 -0.0195 -0.0067

Jun

1.31

1.6208 +0.0034 1.6234 1.9170 +0.0026 1.6186 1.6130 +0.0019 1.9140

EMS EUROPEAN CURRENCY UNIT RATES

 0.798708
 0.736976
 -0.000286

 197.396
 196.225
 -0.328

 5.85424
 6.85340
 -0.00462

 163.826
 165.498
 +0.03

1933.72

2.20292 7.46339 1.95894 40.4152 19.7868 5.59197

1.09

2.385 1 1.056 0.443 1.469 0.916 1.165 0.489

III JAPANESE YEN FUTURIES (IMM) Yen 12.5 per Yen 100

Open 0.7963 0.8065

1906.48 2.16979 7.34565 1.92573 39.7191 13.5485 6.45963

296.269 0.793103

0.00

1.738 3.925 2.822 355.9 2.481 0.941 2.125 1.529 192.7 1.343 1.086 2.407 1.730 219.2 1.522 0.358 0.810 0.582 73.46 0.512 0.953 2.153 1.548 195.2 1.361 0.036 0.082 0.059 7.420 0.052 0.319 0.720 0.518 55.31 0.455 0.385 1.096 1.437 1812 1.284

0.582 1.548 0.059 0.518 1.437 0.582 0.690

Low Est. vol Open int.

10.61 2.67 2.06 1.03 0.63 0.53 0.45 0.33 0.31 0.30

Jun

2,89

9.125 Per Cent. Notes due 2004 Series No: 73 Notice is hereby given that, in accordance with condition 6.03 and 6.04 of the Information Memorandum and the Terms and Conditions of the Pricing Supplement, the Issuer has ever-cised their option to redeem the above Notes 31 par on the interest payment date 13th May 1997. terest shall cease in occure of the Notes from 13th May, 1997. Bankers Trust Company, London 15th April, 1997

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1996 RESULTS The TF1 Board of Directors met oo April 8, 1997 under the chairmanship of Patrick LE LAY.

Open Sets price Change

Sett price Change

-0.03 -0.03 -0.03 -0.03

OLIRA OPTIONS (LIFFE) L1000m points of 100%

99.24 99.06

95.83 95.78 95.69 95,59

99.08

High

-0.03 -0.04 -0.04 99.08 98.08

95.86 95.82 95,73

(in trillion FF)	1994	1995	1996	% change '96/'95
Consolidated lumover TEL Channel's advertising revenues Diversification revenues	8,424 7,051 1,373	9,140 7,343 1,797	9,685 7,424 2,261	+ 6.0 % + 1.1 % + 25.6 %
Net profit tattributable to the Group) .	542	602	575	-4.5 %

Consolidated turnover for the TF1 Group was 9,685 million FF, up 6% TF1 scored 89 out of the top 100 wewer ratings in 1996, the same

Net advertising revenues grew by 1.1% to 7,424 million FF in a sluggish economic environment with falling consumer demand during the fourth quarter. Programming costs rose 4.5% to 4,584 million FF.

in 1996, diversification activities continued to grow and posted a 26% rise in revenues at 2,261 million FF. - The publishing and distribution branch increased its turnover by 8.2% despite declining retail sales in France. Video et music activities posted stable turnover. Home-shopping and merchandising activities grew

strongly for the second year in a row. • EUROSPORT now reaches 72 million european households in 43 countries. The channel is available in 14 different languages: 90 % of its 16 million daily viewers receive EUROSPORT in their own native

language. The pan-european channel recorded a 36% rise in turnover thanks to major sporting events (The Atlanta Olympic Games and Euro 96) and ended the year in the black. •LCI is available to 1.2 million cable or satellite subscribers, up 35% since 1995. The 24-hour news channel is now a leading reference in the French news media: according to a Mediamétrie survey released in september 1996, 72% of cable subscribers tune in to LCI if a special

story breaks out. In 1996, TF1 further developed its thematic channels by creating ODYSSEE, a documentary channel.

Production activities turnover increased strongly as the production company GLEM entered the consolidation scope.

- The TPS project in which TF1 has a 25% stake was officially faunched on December 17, 1996. The digital package was enthusiastically welcomed by the French public with more than 100,000 subscriptions al the end of March 1997. Broadcastung of digital programs and interactive services is a key strategic move for TF1.

Net consolidated profit (attributable to the Group) was 575 million FF. It includes a negative impact of 33 million FF for the launch of TPS and the goodwill depreciation following the acquisition of the GLEM Group and the FILM PAR FILM company.

The shareholders' meeting will be held on June 12, 1997 at 9.00 AM. The Board of Directors will recommend a dividend of FF 16 per share with an additional tax credit of FF 8, payable as of June 27, 1997. The Board of Directors appointed Mr Albert FRÈRE as Board member

of TF1. Release of first quarter turnover 1997 scheduled in the "Bulletin d'Annonces Légales et Officielles" (BALO) on May, 12.

cocking and Investor Relations, Department - 33 1 41 41 77 32 orate Communications Department - 33 1 41 41 71 23, Internet: http://new.tfl.fs.

FOREIGN & COLONIAL PORTFOLIOS FUND (formerly Hypo Foreign & Colonial Portfolios Fund) Société d'Investicement à Capital Variable 47, Boulevard Royal, L-2449 Lutembourg R.C. Lutembourg No. S 25.570 NOTICETO SHAREHOLDERS The Board of Directors has approved the payment of a quarterly dividend of 22.5 pence per share on the registered shares of the FOREIGN & COLONIAL PORTFOLIOS FUND - STERRUNG DISTRIBUTION PORTFOLIO as follows:

Luxembourg, April 7, 1997

BASE LENDING RATES Duncen Lewise 5.00 Royal Bit of Scotland 6.00
Exeter Bank Umbed 7.00 Stinger & Priodiender 6.00
Financial & Gen Bank 7.00 #Smith & Wilman Scot 6.00 Adom & Company 8.00 Allied Irish Benk (GB) 6.00 Ottorry Anshacher 6.00 eRobert Plenning & Co 6.00 Benk of Baroda eQuinness Methon 5.00 TSB 6.00 Habito Bank AG Zunch 6.00 United Bank of Kurreit, 5.00 Banco Bilbao Vizcaya 6.00 6.00 Unity Trust Bank Pic 6.00
v Bk.6.00 Western Trust 6.00
6.0 Whosevery Laidlaw 6.00 Bank of Cyprus 6.00 el lambros Bark 6.00 Heritable & Gen Inv Bk.6.00 5.00 Bank of Inviand 6.00 6.00 5 00 G. Hoere & Co Bank of Scottand 6.00 Hongkong & Shanghai 8.00 Investige Stank (UK) Ltd8.00 • Members of London Brit Bit of Mid East 5.00 Julian Hodge Benk 6,00 #Lespoid Joseph & Sons 5,00 GGrown Shipley & Co Ltd 6.00 6.00 Association Lloyds Bank Midland Bank

8.00

0.595 0.605 IN THREE MONTH EUROPOLLAR (MAN) \$1m points of 100% Low Est, vol Open int. 94.04 93.73 94.02 93.71 93.41 39,546 503,519 58,858 396,335 56,763 281,046 -0.01 93.43 E US TREASURY BILL FUTURES (IMM) \$1m per 100% -0.01 94.30 94.50 All Open Interest ligs. are for previous day

III EUROMARK OPTIONS (LIFFE) DM/I/m points of 100% السال 0.24 0.24 0.04 0 0.20 0.05 0.01 0 0.02 0.28 0.26 **PUTS** 0.13 0.34 0.53

# Zaire project shrugs off political turmoil NZ lifts milk

Zaire is not necessarily difficult, in spite of the political upbeaval in that country, says Mr Adolf Lun- owned copper group, also din. Institutional investors were falling over themselves in which it has a 45 per cent last November to put up stake. cash for the Tenke Fungurume copper-cobalt project in southern Zaire.

Mr Lundin, a 63 year-old Swedish mining engineer tures and divides his time between homes in Geneva and Vancouver, was seeking C\$120m (US\$86.5m) on the Toronto Stock Exchange. He was offered four times that amount by investors in Europe and North America.

So he expects no lack of appetite among the institutions when Tenke Mining Corporation goes back for more money early next year. It will look for about C\$190m from new equity and also hopes for about C\$150m of debt finance.

The institutions are willing to accept the political risk attached to Zaire because Tenke Fungurume is widely considered to be one of the largest and richest deposits of its type anywhere

A great deal is riding on

aising money for a ald the revitalisation of the mining project in African copper belt, once the world's biggest eupplier of the metal. The future of Gécamines, Zaire's staterests heavily on the project,

And, as Mr Ted Webb, Tenke president, said yesterday: "It will be a barometer for future foreign investment in Zaire for the IMF who has made a fortune and the World Bank. They from oil and mining ven- are keenly watching what we are doing.

Mr Lundin went to Zaire because: "If you want to find big [mineral] deposits today you have to go to countries that are not popular.'

This approach served him well in Argentina, a country without a mining history. In the early 1990s his International Musto company tied up one of the best copper prospects in Argentina and Mr Lundin personally belped the government bring its mining laws up to date.

In 1994, MIM of Australia paid \$120m for half of the Argentinian project, Allumbrera, destined ehortly to out of this project because become one of the biggest 173km of drilling had brera, destined ehortly to copper-gold producers in the world. In 1995 North of Australia and Rio Algom of Canada successfully bid \$510m for Musto, of which Mr Lun-Tenke's success. It could her- din owned 36 per cent.



Ted Webb (left) and Adolf Lundin expect no delays from attempts to oust President Mobutu

He started lobbying in ers, spent \$268m on feasibil- family living on the mine Fungurume, located 180km north-west of Lumbumbashi, capital of Shaba Province. He knew much of the exploration risk had been taken already been carried out, as well as extensive tunnelling,

A consortium including Anglo American Corporation. Amoco. Mitsui and oth- for compensation from a structure can be used.

trenching and pitting.

local politics and low copper prices drove them away. Last year, after a long ten-

der process. Mr Lundin was awarded 55 per cent of Tenke Fungurume on terms that included an initial payment to Gécamines of \$50m plus \$200m over the next four years. Mr Webb said Gécamines was still waiting for its \$50m because claims

Zaire in 1994, talking to ity, development and consite had still to be settled. Gécamines about Tenke struction in the 1970s before The cash was earning about \$250,000 a month for Tenke.

Tenke is spending \$22m on a feasibility study to be completed in February and hopes to start production mid-way through 2000 at an annual rate of 100,000 tonnes of copper and 8,000 tonnes of cobalt\_ Capital expenditure for this phase is estimated to be only \$300m because so much of the previous infraFungurume will be producing 400,000 tonnes of copper a year by 2010.

Mr Webb said yesterday he expected no delays from the present turmoù in Zaire. Mr Laurent Kabila's Alliance of Democratic Forces (AFDL), which is seeking to overthrow long-standing president Mobutu Sese Seko, passed through the site on "We lost just three hours

work in total, welcoming the soldiers. There has been no looting or piliaging and no member of the mine staff gave them some food, a little diesel and they went on their way," said Mr Webb. When Mr Lundin and Mr Webb met Mr Kabila on

Monday he said he wanted the project to continue and that "although there might be come review of our arrangements, there should not be any material changes to the project."
Mr Webb said the security

budget for the project was only \$1m. "We don't go in for guns and weapons," said Mr Webb. "The best security is to get local people on your side and keep them fully informed about what you are

Kenneth Gooding | much of the extra milk had

# market share

By Terry Hall in Wellington

Zealand dairy producers will have supplied nearly 30 per cent of world trade this year according to specialised dairy markets. the country's Dairy Board.
The board expects to handle an extra 200,000 tonnes of milk this season, bringing

total production to a record

years New Zealand has supplied around 22 per cent of international dairy produce. The board says it will be able to sell virtually all its additional milk this season until June. This is in contrast to last year, when a late surge in production left. a carry-over of stocks, that had to be squeezed into this aeason's sales, and helps

explain the 8 per cent jump by New Zealand in the international dairy sales league The board expects to begin the new season in July in a strong position with minimal stocks. This should remove pressure from the

international dairy markets. The bad news for New Zealand dairy farmers is that the unexpected increase in production has meant that

to be sold in the lower price world commodity markets, reversing the trend of recent years when the board had sold more to branded and

We can cope us finding premium returns for specialised products in an average year when we have a 3 or 4 per cent rise in produc-1.2m tonnes. In previous tion," Dairy Board spokesman Neville Martin said. "This year has shown that we can't manage to do that faced with a 10 per cent plus

rise in production." Most of the increased production was sold to Russia and North Africa with much ending up in the recombining trade for milk produc-

Overseas price trends have not helped the board's marketing efforts. The price of bulk butter on world markets has slipped by around 30 per cent, with that of milk powder falling by about 10 to 12 per cent since the end of last year, although prices have since stabilised.

The board is predicting a total payout this season of around NZ\$3.15 to NZ\$3.20 a kilo of milk solids - well down on last season's

# Russia fears cloud palladium

### MARKETS REPORT

By Gary Mead

Nervousness over delivery of Russian exports yesterday clouded palladium trading in the US and London - where the early-morning fix eaw the precious metal start the day \$3.25 above its Wednesday afternoon figure, to. \$160.25 an ounce, a 21-month

However, a measure of calm later descended, after reports from the Russian finance ministry that long delays in exports to Japan a big consumer of the metal

 might soon be unsnarled. By early afternoon the price \$155.50 an ounce, while early trading on Nymex in the US saw it fall \$4.95 to \$154.60.

A degree of uncertainty nevertheless persisted, particularly in the US, where there was talk of the price hitting \$190-\$200 an ounce by the end of the year.

But analysts in London viewed the delays in exports from Russla - the biggest palladium producer - as resulting more from bureau- and non-Opec producers. cratic factors than any attempt to manipulate the

don yesterday, with the price in London had retreated to of Brent Blend for May delivery crumbling to \$17.54 a barrel, a new nine-month low, in mid-afternoon trading on the International Petroleum Exchange. Brent May later recovered to \$17.73 - 2 cents down on Wednesday's close - bnt dealers the context of recent output

Exchange May robusta gained \$22 to \$1,442.

on to early gains and ended the day unchanged at \$1.580. while July added \$2 to close

On the same exchange, with the May contract clos In the US yesterday cocoa

800 310 7,502

SOFTS

### W Australia to levy gold royalty By Nikki Tait

Miners in Western Australia face a gold royalty from the beginning of 1998, the state government announced yes-

in Sydney

This will be levied at an A\$74m initial rate of 1.25 per cent, but increase to 2.5 per cent in the 1999/2000 financial year. The first 1,000 ounces of gold produced by any project will be exempt from the

The state government, has left us with few other which made the announcement as part of its annual

(US\$15.8m) in 1997/8, and A\$37m in the following year. when the tax would have been levied for the full 12 months. In 1999/2000, when the higher rate would apply,

Mr Richard Court, state premier, blamed federal funding cutbacks for the move. "We have always been extremely reluctant to introduce a royalty for gold, but our current revenue position

the revenue raised would be

options," he said. Mr Court added that he

tax to raise around A\$19m industry to determine the argued tha tax will deter final framework of the roy-

> But the move is likely to generate a furious outcry from gold producers, who claim that they are already battling depressed prices, increasing production costs and problems associated with native title claims.

Last month, Mr John Newcrest Mining, said that the introduction of a royalty could "reduce the industry's international competitiveness" and have "long-term. serious implications for the

state". The industry has also

marginal production, and probably lead to a reduction in exploration expenditure.

The WA gold mining industry produced around 215 tonnes last year, and has traditionally accounted for about three-quarters of Australia's gold output. The etate has almost 500 gold producers, although as many Quinn, managing director of as 400 are very small operations, often involving only a couple of people.

Other Australian states already levy taxes on gold production - ranging from 2 per cent in Queensland to 5 per cent in South Australia.

### COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

1553.5-54.5

1554.5-5.5

1552-52.5

1588-88.5

Kerb close	1332-32.5	0.18-186F
Open Int.	n/a	140
Total daily turnover	r/a	
ALUMINIUM AL	LOY (5 per to	nnei
Clase	1440-45	1470-75
Previous	1445-50	1475-80
i-figh/low	n/a	n/s
AM Official	1449-50	1478-80
Karb close		n/a
Open Int.	n/a	
Total daily turnover	n/a	
III LEAD (\$ per ton	ine}	
Close	643-44	647-48
Previous	647-9	650-1
High/low AM Official	r/a	n/a
Kerb close	643-43.5	647-48 n/a
Open int.	n/a	n/a
Total daily turnover		
NICKEL (\$ per t		
Close	7310-20	7420-30
Previous	7350-60	7460-70
High/low	n/a	n/a
AM Official	7354-55	7455-56
Kerb close		n/a
Open Int. Total daily turnover	n/a n/a	
TIN (5 per tonne		
Close Previous	5670-80 5740-50	5705-10 5770-75
High/low	n/a	n/a
AM Official	5095-700	5725-30
Kerb close		n/a
Open int.	n/a	
Total daily turnover	n/a	
ZINC, special h		
Close	1230-32	1255-57
Previous High/low	1239.5-40.5 n/a	1264.5-5.0 n/a
AM Official	1235-35,5	1260-61
Kerb close		n√a
Open Int.	n/a	
Total daily turnover	n/a	
COPPER, grade		
Close	2344-47	2301-4
Previous	2357-9	2308-8
High/low AM Official	n/a 2339-40	n/a 2299-300
Kerb close	23 <del>93-4</del> 0	1/a
Open Int.	n/a	
Total daily tumover	n/a	
LME Closing S		5214
Spot 1.6232 3 raths: 1.62		mins 1.5161
HIGH GRADE C	OPPER (COM	Đ\$
Sett Day's price chara	e ge High Low	Open Vol let

103.75 +0.20 103.40 102.95 PRECIOUS METALS

Gold(Troy ez) S price S equiv SFr equiv Close 347.90-348.40 Opening 348.00-348.30

477.25

3 months 6 months 1 year 483.30 489.75 502.90 298.00 Gold Coins Krugemand Maple Leaf

Precious Metals continued M GOLD COMEX (100 Troy az.; S/troy oz.) +0.5 348.0 348.0 02 469 +0.5 351.1 350.0 10,067 64,318 +0.5 353.8 352.9 56 13,377 +0.5 355.8 355.8 517 6,040 -2.7 370.5 367.0 10 84 -4.2 374.3 370.5 2,026 12,733 -3.0 376.5 374.0 551 2,258 -3.0 - 17 1,149

155.45 -4.10 156.00 153.70 1,722 7,774 155.70 -3.60 158.50 155.00 494 1,997 156.45 -3.60 156.00 156.00 1 191

ENERGY

108.90 -0.10 109.00 107.85 595 2.908 107.75 +0.10 107.90 106.70 3,838 20.233 106.85 +0.15 106.90 106.90 140 1.592 105.95 +0.30 106.00 104.80 683 9,022

PALLADIUM NYMEX (100 Troy az.: \$/troy az.)

SILVER COMEX (5,000 Tray az.; Cents/tray az.)

19.08 -0.19 19.29 19.01 54.103 77.082

HEATING OIL HYNEX (42,000 US galls.; c/US galls.) 52.45 -0.28 52.86 52.20 6.802 25.253 52.70 -0.28 53.05 52.60 1,186 18.844 53.50 -0.08 53.60 53.30 412 10.685

54.20 -0.13 54.40 54.10 162 7,043 54.95 -0.13 55.05 54.90 211 6,675 160.50 -3.75 162.75 159.75 12.797 19.045 162.00 -3.25 164.00 161.75 5,323 8,607 164.25 -2.75 166.00 164.00 1,823 5,698 166.50 -2.50 167.75 166.00 788 4,101 168.50 -2.50 169.50 168.50 605 2,220 32,125 61,806

1895 -0.006 1.910 1.890 12,926 29,931 1.960 -0.010 1.975 1.960 6,510 17,873 1.965 -0.010 2.010 1.965 1,708 14,001 2.005 -0.005 2.020 2.005 1,018 10,222 2.008 -0.005 2.020 2.005 1,382 10,943

-0.70 60.75 59.75 15.724 39.799 -0.61 60.40 59.40 7,299 29.538 -0.61 59.45 58.85 1,235 11,202 459 5,199 188 2,747 93 1,680

continued to feel bearish in increases from members of the Organisation of Petro-

GRAINS AND OIL SEEDS

98.80 +0.30 98.25 98.25 101.85 +0.35 102.20 101.20 98.25 +0.40 -100.25 100.00 102.25 +0.40 102.25 102.00

393.00 +7.50 394.00 386.00 5,375 16,262 398.00 +8.75 399.00 390.00 12,869 48,437 401.75 +8.75 462.00 396.00 1,153 8,668 410.50 +9.00 411.00 405.00 1,372 7,340

412.00 +8.00 412.00 407.50 20 306 374.00 - 370.00 370.00 5 188

303.75 +4.75 304.50 299.25 37,600114,251

295.75 +2.75 297.00 298.25 396 9.132 298.50 +3.50 298.00 297.00 21 568 78,144 384,823

855.25 +7.75 861.00 848.25 30.003 59.506

505.50 +8.50 865.00 582.00 54,381 70,853 847.50 +8.50 865.00 582.00 54,381 70,853 847.50 +8.50 851.00 840.00 2,793 10,827 759.50 +7.00 783.00 756.50 531 0,414 704.73 +3.25 706.00 701.25 9,582 37,542 711.00 +3.50 712.50 710.50 244 2,318 878.50 710.50 710.50 710.

24.22 +0.05 24.40 24.17 10.932 32.380 24.83 +0.08 24.77 24.58 7,975 33,924 24.82 +0.08 24.95 24.80 951 6,033 24.95 +0.08 25.07 24.95 173 5,224 25.05 +0.08 25.07 24.95 774 5,231

III SOYABEAN OIL CET (60,000lbs: cents/lb)

SOYABEAN MEAL CET (100 tons; \$/ton)

III MAIZE CBT (5,000 bu min; canta/56to bushel)

■ WHEAT LIFFE (£ per tonne)

leum Exporting Countries On the London Interna-

Oil prices slipped in Lon- coffee futures failed to hold at \$1.585.

cocoa recovered some of the ground lost in the past week. ing £30 higher at £1,002 a tonne and July gaining £28 to finish at the day at £1,018. futures rose sharply in early trading, with dealers ascribing the move to speculative buying; by midday, May futures were up \$27 a tonne tional Financial Futures to \$1,407 and July had

# budget, said it expected the intended to consult with

III LIVE CATTLE CME (40,000lbs; cents/lbs III COCCA LIFFE (E/tonn 1009 1,027 12,234 1008 1,897 26,359 1016 1,879 26,351 1413 1390 6,222 15,596 1447 1426 5,134 25,948 1468 1450 337 12,061 1498 1470 2,038 13,766 1494 1494 395 18,316 1525 1512 121 7,620 14,262 96,915 74,175 +1,225 74,300 73,500 1,715 3,362 82,630 +1,025 82,900 82,250 3,925 15,444 +31 +24 +21 +20 +20 +20

E COCOA (ICCO) (SDF'e/tonne) 80.975 +0.850 01.400 80.450 78.250 +1.125 78.550 78.250 72.575 +1.025 73.100 72.700 71.400 -

1610 1585 1,792 13,794 1620 1600 552 8,471 1607 1590 173 3,275 1560 1565 73 1,164 COFFEE 'C' CSCE (37,500lbs; cents/lbs) 191.05 +1.35 182.25 185.00 5,371-10,878 173.90 +0.85 175.00 170.50 4,301 10,770 180.85 +2.10 181.75 186.00 930 7,257 147.00 +0.85 148.25 145.00 514 3,867 137.50 +1.90 138.50 185.50 180 1,081 132.00 +1.95 132.00 132.00 12 243

IF COFFEE (ICO) (US cents/pound) 313.2 +0.5 313.5 312.0 3,388 8,221 311.7 +1.0 312.0 310.0 1,611 8,693 307.5 +0.4 307.7 308.5 341 3,385 304.9 -0.5 308.0 304.5 54 905 303.6 -1.0 303.9 303.0 128 530 SUGAR "11" CSCE (112,000lbs; cents/lbs)

284.0 +4.4 285.0 280.0 18,218 40,258 282.0 +4.2 282.0 278.5 11,582 32,258 274.7 +8.5 274.5 271.8 1,788 9,823 257.2 +4.8 257.5 254.0 452 6,810 231.6 +3.4 232.0 286.0 221 8,231 11.57 +0.05 11.38 11.2524,539 66,980 11.77 +0.11 11.10 11.0522,471 46,959 10.88 +0.07 10.89 10.78 5,349 30,396 10.80 +0.07 10.81 10.71 2,432 17,775 10.73 +0.07 10.21 20.65 240 3,610 10.60 +0.07 10.63 10.69 204 1,005 55,389 188,785 +2.7 223.5 221.5 1,645 12.592 33,928 199,318 POTATOES LIFFE (E/tonne) ■ COTTON NYCE (50,000lbs; cents/lbs) 50.0 45.0 71.36 -0.74 72.15 71.15 7,748 30,450 75.15 -0.70 73.80 73.00 5,376 21,221 74.26 -0.84 74.90 74.26 215 1,872 75.38 -0.82 75.30 75.25 2,788 22,185 76.39 -0.62 76.30 76.30 34 2,360 78.50 -0.62 76.80 78.36 84 2,360 77.25 -0.55 77.02 77.02 29 595 16,225 78,801 -35 1500 -45 1535 -20 1285 -20 1390 74.00 +0.40 74.00 1.200 11,839
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2,638 28,882

**FUTURES DATA** 

Wool The full resumption of wool sales in the main international centres after the Easter break showed a firmer tendency in Australia after a hesitant start. Fine merinos led the way as they also idd in South Africa, A sale lest week in New Zealand showed little change, but an offering in the North Island manily of cressbred and second share wool saw a price decline. The New Zealand market indicator, calculated by Wools of New Zealand, the official body, was NZ20 centra lower at 415 cents, the lowest of the 19317 season to date. Australia's Eastern Merket Indicator was 7 cents higher from the close before Easter, at AES2 cents per lillo. Currenty volotifity continues to make normal bading more uncertain and difficult.

VOLUME DATA Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CME, CSCE and IPE Crude Oil are

res (Base: 1967 = 100)

E GSCI Spot (Base: 1970 = 100)

# MEAT AND LIVESTOCK

64.325+0.125 64.400 64.150 3,201 24,412 68.025-0.075 68.175 67.950 1,723 15,868 70.025-0.050 70.125 68.900 583 7,869

LONDON TRADED OPTIONS

LONDON SPOT MARKETS \$16.11-6.31w \$17,20-7,24 \$17.80-7.84

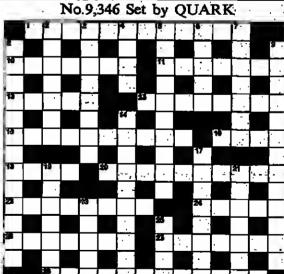
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### CROSSWORD



ing in red? (7)
11 When m lorry, learner shouldn't be one (7)

12 In Sinai, adore the river

13 One from the north with a kind of engineering (10) 16 Quiet old English attached

18 Flat that can be divided by word (8)

24 Previous part of the play is 26 Ariel is different character near the Med? (7) 27 OS, expanded! (7) 28 He holds sway over the wrigglers (5,7)

2 Man losing head with drink is to get in a tangle (?) 3 After criticism I tidy round, showing haste (8)
4 The drink? A party's

Solution 9,345 LEACH D MUNYOOATS AGE D S M D D OST IMPOVERUS The placard's efficient and

6 Contribution towards pint distributed around univer-Georgia's s heavy person having initially to move clumsily (7)

the edge, eg a company car 9 Bill poster? (7.6) unusual mascot between 14 Dull one's head I've seen is poles (8)
15 Put in rail about to work in 17 Store can in a heap, from

which one descended! (8) regime's unsettled? (7)
Picture that's to go round
journal (fashionable) (7) 20 Not often celebrated but 23 The end of some gardener

22 Various eulogies mostly 25 Clothes attacker's ebort include priest for the last time on unfinished article

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Offshore Funds

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SUPPORT SERVICES - Cont.

# FTSE 100 moves back over the 4,300 level

MARKET REPORT

By Steve Thompson, **LIK Stock Market Editor** 

A strong push by the utilities stocks came to the rescue of a London equity market which had at first looked destined for another day of inactivity.

Utilities occupied the top six its recent rally. places in the FTSE 100 performance table and provided no less than six of the best performing stocks in the FTSE 250.

The surge in the stocks came after a report of a rift between Mr Tmy Blair, the Labour leader. and Mr Gordon Brown, shadow

the scope and size of the pro- that the US Federal Reserve 20.9 higher at 4,313.2, a two-day rumours of a bid in the food manposed windfall profits tax on the

Outside that area, the stock ing, scheduled for May 20. market was quietly steady, unsetfirmed the fears of the more cautious observers that the US market might have seen the end of

The Duw Jones Industrial Wednesday evening and was of trading in New York yester-day, after the weekly jobless claims and ahead of today'e news on producer prices and retail sales for March. Fears abound

might nudge US interest rates up gain of 43.9. The FTSE 250 ufacturing sector were viewed as again after the next FOMC meet-

On the domestic front, the regtled initially by Wall Street's ular monthly meeting between overnight retreat, which con- Mr Kenneth Clarke, chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, took place in Nottingham. Dealers said no change in UK interest rates is expected to Average closed 45 points down on follow the meeting but warned that UK rates are expected to be looking easier again at the start increased by as much as 50 basis points shortly after the general election on May 1

By the close the FTSE 100 index had comfortably regained running substantial underweight ations, however, we would be the 4,300 level, finishing a net positions in UK stocks. Vague looking to increase this."

improved at a more sedate pace. edging up 4.7 to 4,544.3, while the SmallCap lifted 4.7 to 2,295.6.

accompanied by any meaningful upturn in retail business, that is, from commission-paying institutions. Turnover yesterday was 701m shares, split evenly between FTSE 100 and other stocks.

The market's rise, senior traders said, had been exaggerated by the first signs of some forced buying by fund managers still

neering group FKI left the

shares 1/4 lighter at 1861/p. UBS issued a buy recommen-

dation un tha stock. In a

detailed note to clients, the

broker said: "Tha current

year P/E (prica earnings

ratio) relative of 77 underval-

ues the group's prospects rel-

ative to its peers. Our

short-term targets is a P/E

ralative of 90-95, giving

unside of 20-25 per cent, even

before probable bolt-ons and

cialists dismissed vague

market talk of Associated

British Foods hidding for

sweeteners group Tate &

Lyle. One analyst said sim-

ply: "Such talk is rubbish.

Anyway, I can't see one

group being allowed to con-

trol such a large part of the

Shares in the former

closed 11/4 lighter at 528p on

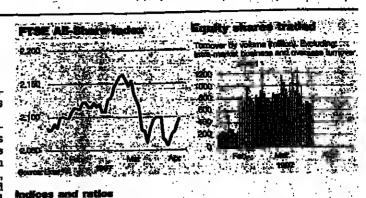
Analysts and market spe-

non-core disposals."

unlikely.

In a general review of Euro pean equity markets, BZW's Unhappily for the City's strategy team said: "UK equities marketmakers and dealers the are cheaper than the northern gains in share prices were not continental European markets. against both earnings and bonds." But the team expressed concern about loose inflation targeting policy.

The broker added that "until the economy, particularly the the inflation targeting policy mix changes, tha market should be on an underweight. Off current valu-



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### Utilities race higher

By Peter John, Joel Kibazo and Gary Mead

Utility stocks led the market higher on optimism about the level of a Labour windfall tax, a couple of broker recommendations and a sig-nificant shortage of available

One news report said Mr Tony Blair, the Labour leader, wanted the uverall amount raised by a one-off tax to be no greater than £5bn. This was seen as effectively putting a cap on the tax which some analysts had previously forecast as com-

ing in up to £10bn. More cautious sector specialists pointed out, however, that Mr Gordon Brown, the shadow chancellor, maintained a far higher target range

But several senior fund managers were apparently sufficiently enthused by the report to pile into leading power and water stocks,

And their optimism was belped by recommendations from several brokers - most recently NatWest Securities and Schroders. Recommendations bave given a big boost to a number of stocks over the past few weeks. For example. United Utilities has leapt more than 10 per cent since the end of March.

severe shortages and is exag-

gerating share price moves. Yesterday, United Utilities gained 261/2 to 670p, Power-Gen 22 to 6331/sp, Scottish Power 12½ to 383p, Severn Trent 17½ to 736½ and National Power 121/2 to 527p. BT, which may be

exempted from the windfall tax, gained 9 to 442%p on speculation that Spain's Telefónica de Espana may choose MCI Communications as a US partner. SGST and SBC Warburg were also said to have repeated strong "buy" advice on the shares.

BAT Industries dipped on further disappointing news about tobacco sales in the A US judge restated an investors' lawsuit against Philip Morris that claims the company hid negative infor-

mation about smoking from BAT shares fell 61/4 to 510p. baving fallen 11 per cent since mid-March when Lig-gett, a US rival, became the first tobacco company to

admit smoking was addictive and could cause cancer. Glaxo Wellcome sparked 20 higher to £11.081/2p on upbeat news about Phase III trials of its Lamivudine drug. Glaxo said the trial was "extremely encourag-

Analysts forecast Lamiyudine, which treats chronically affected bepatitis-B sufferers, could bring annual sales of between \$300m and \$500m from launch.

Lamivudine has been the And buying during a time subject of study in several when marketmakers are ner- clinical trials for patients

vous about carrying too who require a liver transplant as a result of chronic

henatitis-B infection. Further estimates on the drug's sales prospects range from around £200m a year to over £1bn.

Buyers returned to Smiths Industries yesterday, helping the shares bounce 5 to 790p. The group reported improved first-half profits on Wednesday but saw the shares decline as a large investor decided to take profits in the stock.

However, analysts remain positive on the shares and yesterday NatWest Securities urged investors to "add" to holdings saying, while medical systems is expected to grow profits by some 21 per cent over the next three years, it is aerospace that will become the principal source of the forecast 13 per cent growth in compound

	Apr 10	Apr 9	Apr S	Apr 7	Apr 4	Yr ago	"High	1.0W
FT 30	2853.4	2848.0	2842.4	2838.8	2817.4	2804.4	2931.4	2668,8
Ord, div. yield	3.90	3.90	3.92	3.92	3.95	3.86	4.22	3.76
P/E ratio net	17.03	17.00	16.94	1293	16.82	16.85	18.00	15.80
P/E ratio nil	16.86	16.83	18.77	16.76	16.65	16.60	17.87	15.71

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Rises and falls"		52 Week highs and	lows	LIFFE Equity options			
Total Rises	539	Total Highs		Total contracts	34,704		
Total Falls	677	Total Lows	53	Colls	17,194		
Same	1,200			Puts	17,510		

A two-way pull in engi- the talk while the latter months after Merrill Lynch improved 8 to 444p. issued a hefty "buy" note on the stock.

Anglo-Datch giant Untlever rose 25 to 1559p, with SBC Warburg said to have recommended the stock. It is thought the broker told clients that tax changes proposed by the Labour party should benefit Unilever if Labour wins the British gen-

eral election on May 1. Building stocks did not participate fully in the market's unsurge, especially the housebuilders, which continned to suffer from fears that the new government may reduce sharply or even scrap mortgage interest tax relief. Among the leading housebuilders. Persimmon eased 3 to 225%p and Wimpey dipped 2 to 134%p.

RMC, the building materials group, gave a muted response to preliminary results that included a change in accounting policy. The 4 per cent increase in the dividend was well received and initially saw the shares rise sharply. But profit-takers moved in to leave the shares a net 41/4 easier at 996½p.

Mercury Asset Management rose after a recommendation from Dresdner Kleinwort Benson. The stock was up 191/2 at £12.74p.

Next hit a record closing high, rising 12% to 645p after a week in which it has benefited from strong results from fashion retailers. The stock rose earlier in the week on figures from rival Oasis Stores and other signs of strength in the sector. Oasis was up 1p at 408p. French Connection, whose

shares raced up earlier this other big fashion retailers, dipped 20 to 325p, despite almost doubled profits and a 37 per cent increase in the

Laird jumped to its highest level in more than four

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FTSE Actuaries Share Indices

The shares were up 13 to 411%p. Merrill raised its recommendation to "buy" from "neutral" and forecast 1997 profits of £69.1m, and 1998 and 1999 profits of £79m

Prudential, which is. acquiring 29.9 per cent in St James's Place, the life assurance group, improved 41/4 to 568%p. There had been some speculation that the Pru would launch a takeover after a 12-month moratorium on further stake-buying expires. But Sir Peter Davis, the chief executive, said the group did not intend to increase its stake. St James's

Place rose 5 to 136%p.

■ FTSE	100 INDEX	FUTURES	(LIFFE) S	25 per full	Index poir	× .	(API)
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PERMANENT

Floating rate notes 1998

Notice is hereby given that for the interest period from

9 April 1997 to 9 July 1997 the

Agent: Morgan Guaranty Trust Company

notes will carry an interest

rate of 6.7375% per ann Interest payable on 9 July 1997 will amount to \$167.98 per \$10,000 note and \$1,679.76

per \$100,000 note.

JPMorgan

\$100,000,000

Subordinated collared floating rate notes due 2003

Notice is hereby given that for the interest period 11 April 1998 to 14 October 1997 the notes will carry an interest rate of 5.875% per annum. Interest payable on 14 October 1897 will amount to US\$151.77 pe ount to US\$151.77 per US\$5,000 note and US\$3,035.42 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan** 



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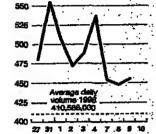
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# Dow hit by share slide for Sears

eharee continued to slide while blue chips were mostly flat as a number of larger companies reported earnings that were generally in line with expectations, writes Lisa Bransten in New York.

After falling for much of February and March, the technology-rich Nasdaq



composite had begun to rebound in April, but yesterday it resumed its downward course. By early afternoon, the Nasdaq was 11.52 lower at 1,237.81, and the Pacific Stock Exchange technology index, which contains Nasdaq and NYSE-traded shares, was off 1 per cent.

At 1pm, the Dow Jones Industrial Average was off 15.48 at 6,548.36 and the Standard & Poor'e 500 shed 1.97 at 758.63. NYSE volume was

A sharp drop in Sears Roebuck weighed heavily on the Dow. The retailer fell \$3 or 6 per cent at \$47% after it admitted it had ehown "flawed legal judgment" in seeking to collect on credit card debts from debtors who had filed for bankruptcy pro-

Two components of the Dow - General Electric and JP Morgan - reported firstquarter earnings. General

### 3% at \$98% on earnings of \$2.04 per share, 12 cents ahead of expectations.

Chrysler was unchanged at \$30 after reporting firstquarter earnings of \$1.45 per share, a cent ahead of expec-

\$38%, although it announced that it expected first-quarter results to be modestly better than analysts' forecasts because of strong eales growth in its Gatorade drink. The company forecast first-quarter earnings per share at least equal to the 22 cents made in the same period last year and above the consensus estimats of 18

Large capitalisation technology shares slumped. Intel lost \$4 at \$138%, Microsoft gave up \$21/4 at \$95%. Cisco Systems was \$14 weaker at \$52% and Oracle gave up \$1%

TORONTO traded narof the past two sessions with a 3.01 dip to 5,795.70 on the 300 composite index at the noon calculation.

Golds pushed higher and Alcan Aluminium, hit by base metal price worries recently, staged a modest rally ahead of the announcement of first-quarter results. But most leaders were easier in what dealers described as thin, mostly directionless There was a flurry among

high-tech stocks when PC Docs Group International ran into heavy selling after a severe profits warning. The company predicted third. quarter results down from 19 cents to 2 cents, and the C\$7.05. Barrick Gold gained 75

cents to C\$33 and Placer Dome put on 45 cents to C\$24.55. Alcan Aluminium put on 35 cents to C\$43.70. Banks were weak. Toronto-Dominion Bank shed 10 cents to C\$36.30 and Royal Electric lost \$% at \$101% on Bank of Canada came off 5 earnings of \$1.02 per share, cents to C\$53.50. Among conmates, and JP Morgan lost eased 5 cents to C\$32.90.

### Mexico City slips back

representation of the morning's trading, moving ahead at the opening bell but quickly receding as dealers cast around for a lead following an upwards jerk for money market rates.

3,771.45. Telmex stayed on for telecoms stocks. At midvos to 15.80 pesos following stood at 9,759, down 60.

Leading Latin American further gains on Wall Street bourses edged lower, for the ADRs. But media MEXICO CITY was a fair group Televisa had a had morning, diving 1.30 pesos to

> lower and by midsession the Merval index was down 1.03

At midsession the IPC ther modest profit-taking index was off 25.85 at after the recent sharp gains the upside, adding 10 centa- session the Bovespa index

### S Africa lacks direction

with dealers reporting a lack of direction ahead of today's US inflation data. The all-share index came off 3.4 to 7,045.1.

The pattern was the reverse of Wednesday when industrials rallied modestly but golds faltered. The industrial index ended off R278 and Dries put on 50 6.2 at 8,243.7 while golds

Shares in Johannesburg edged 1.9 higher to 1,311.1. continued to trade quietly Traders reported a lack of investor interest, not helped by economic uncertainty in the US and with the rand slipping to a five-week low in the foreign exchanges.

Among industrials, Richemont moved higher, adding 50 cents to R57.25. In golds, Vaal Reefs added R1.50 to cents to R43,20.

101.20 pesos. BUENOS AIRES opened

SAO PAULO suffered furrose 3.00 to 1,430.74.

Other financial issues.

Securities houses were managing to sustain early

# VW provides driving force for Frankfurt

### Leading bourses opted for a defensive mark-down in the face of a softer dollar and with Wall Street continuing

to shift about uneasily ahead of today's March producer FRANKFURT tumbled 20

points on the Dax index at the opening but clawed back part of the downturn after mper 1996 earnings and upbeat comments from Volkewagen sparked a strong showing for motor Quaker Oats fell \$% at

The shares, which reached a record DM1,000 at one per cent better at DM996 after analyets rapidly upgraded profits estimates for this year. Sentiment was also buoyed by renewed talk that the group was planning to reshape its capital struc-

Investor enthusiasm spilled across the sector generally. Daimler-Benz ro pfg to DMI30.70 and BMW put on DM37 to DMI.439 to extend its rally to 17 per cent in five days. Porsche added DM23 to DM1.925.

In contrast, the day'e other big results announcement rowly, adding to the declines from Dresdner Bank - disappointed with sluggish earnings growth and heavier provisions. Dresdner shed 78 pfg to DM57.92. Deutsche Bank came off 95 pfg to DM89.65 and Commerzbank eased

THE ELECOPEAN SERIES Open 18.30 11.00 12.00 13.00 14.00 15.00 Cion FTSE Burghack 100 2165.86 2167.17 2168.74 2171.67 2171.67 2170.32 2168.91 2171.14 FTSE Burghack 200 2187.51 2161.17 2191.23 2165.12 2164.22 2162.16 2162.42 2163.00 2189.11 2147.42 2136.34 2100.19 2095.44 2192.60 2170.67 2184.76 2130.75 2125.31 2192.60

back 48 pfg to DM46.02. Adidas unveiled strong first-quarter results and bounced DM3.50 to DM182.50. The results statement coincided with news of a potential widening of liquidity in the shares.

A 26 per cent stake in the

company is to change hands, half being taken up by Adidas management and the balance placed with institutions. There was talk that some analysts were set to upgrade their target prices for the stock. Its sports footwear rival, Puma, retreated DM2.20 to DM62.80.

At the close of trading, the Day index was off 12.18 at an Ibis-indicated 3,352.58. PARIS nudged down on the CAC-40, ending 9.58

lower at 2,607.97 after another session of below average volume. Michelin was the day's lag-

gard among leading stocks, sliding FFr10.5 or 3 per cent to FFr336. At the other end of the parformance charts, Sanofi rose FFr14 to FFr549. Synthelabo, the separately

Share price and index yabis

gains. Daiwa Securities rose

Y9 to Y724 and Nikko Securi-

ties Y10 to Y610. Nomura,

however, continued to slide

temporarily on the dollar's

continued climb to the Y127

level, but fell back in the

afternoon. Sony shed Y50 to

Y9,050 after hitting a new

high for 1997 of Y9,200 in ear-her trading. TDK fell Y70 to Y9,040 and Canon, Y120 to

Car makers also fell prey to profit-taking, with Honda eliding Y100 to Y3,780 and

Toyota, Y70 to Y3,370.

Fujitsu fell Y10 to Y1,290 in

epite of news that it was

expecting to double consoli-

dated net profit for the busi-

In Osaka, the OSE average

fell 292.11 to 18,603.48 and

volume rose to 16.9m shares.

cent as speculators sold on

news that the Congress

party had instructed its dep-

uties to vote against the gov-

ermment in today's key con-

tors cut their positions and

the exchange announced it would be open for a special

session on Saturday in the

The BSE-30 index dropped 52.51 to 3,598.37 as specula-

BOMBAY tumbled 1.4 per

ness year to March.

fidence vote.

Y2,820.

Blue chip exporters rallied

listed drugs offshoot of L'Oréal, surged 7.3 per cent to FFr672 following an upgrade to buy hy Goldman Sachs. The broker also raised its earnings estimate for this year and was positive about the group's US joint venture, Lorex.

Canal Plus continued to rally on talk of pay-TV deals, gaining FFr25 to FFr1,110 and stretching its gains to almost 10 per cent in five

AMSTERDAM ended with the AEX index down 5.22 at 733.47 in spite of solid gains by Unilever and Bols-Wessmen. BolsWessanen continued

to benefit from talk of imminent corporate activity. Some traders said the drinks group was teeing up a separate flotation for its Italian Campari operations: others suggested that an acquisition was in train.

on buying Hagemeyer's specialty foods business," said Bols shares rose 50 cents to

"We hear that Bols is set

F137.50 to extend their rally. to 10 per cent in four days. Hagemeyer eased 40 cents to FI 160.60 after Ceteco, a 72 per cent-owned unit, announced plans for a share

A variety of stories were said to be buzzing around Unilever but the main drive behind a F1 1.70 rise to FI 354.8 looked to be positive comment by SBC Warburg. Ramours suggesting that the Anglo-Dutch foods to detergents giant could soon be flexing its acquisition muscles abounded.

tionals, Royal Dutch added 40 cents to F1 330.3 while Philipe took the day'e wooden spoon, slipping F11.90 or 2.1 per cent to ZURICH edged back at the

Elsewhere among interna-

and of a volatile session which left the SMI index Winterthur, eharply

higher on Wednesday on news of a new chief executive, gave back SFr16 to SFr1.033. Mr Kishore Banger at CS First Boston reiterated the buy recommendation that he has maintained on the stock for the last two years. However, he added that the 36 per cent appreciation in the share price since the start of the year had proopportunity to take some

SFr166.50 but UBS gained SFr16 to SFr1,287 and Zurich Insurance added SFr5.50 to SFr454 amid reports of switching within the financial eector. Novatris lost SFr14 to SFr1,759 on rumours that a US competitor had launched a new drug

which could put pressure on

the Swiss group.

MILAN edged down in thin trade as political develof confidence from foreign investors. The Comit index. edged 0.48 higher to 752.91 while the real-time Mibtel index gave back 76 to 12,002. Olivetti tumbled L40 to

L565.5 ahead of the company's definitive 1996 results, due late next week, and reports that its Telemedia one Dutch drinks analyst. short-term profits. unit would post losses of Bols shares rose 50 cents to CS Group lost SFTL.75 to more than L50bn. Olivetti unit would post losses of

already budgeted losses at Telemedia in 188 1996 accounts and that such losses were normal with starbups in the telecommunications and multimedia

Sirti, the cable making group, jumped L175 to L10,651 on a local press report that Stet's 48.9 per cent stake was to be but on the market by the stringer.

higher, supported by a rebound in Astra. The gen eral index added 9.00 to Astra recouped SKr6 to SKr347.5 having lost SKr8

STOCKHOLM picked up

from the day's lows to close

the previous day on news of a downgrade for its US partner, Merck. The forestry sector tumbled 2.3 per cent after SCA's chief executive said he did not believe that fine paper

prices could be raised as planned this spring. SCA gave up SKr2 to SKr160.5. Homes & Mauritz jumped SKr48 to SKr1.048-after the fashion retailer said that sales rose 30 per cent in the first quarter of this year. The company added in a statement which coincided

meeting that the trend in sales and earnings remained

with its annual general

Written and adited by Michael

# Nippon Credit link enlivens broadly weak Tokyo

Bank shares rallied on news of a tie-up between Bankers Trust and the financially troubled Nippon Credit Bank, but profit-taking wiped out early gains leaving Tokyo to close sharply lower, writes Gwen Robinson.

The Nikkei 225 average fell 217.62 to 17,485.75 after moving between 17,479.05 and The 225 index jumped

more than 230 points in early trading on news of the partnership between Bankers Trust and NCB, but rapidly lost steam to finish below the 17,500 point line for the first time since Jannexactly in line with esti- glomerates, Canadian Pacific ary 27. Nearly 500 issues fell to new lows for the year.

Banks fell broadly on shedding Y30 to Y1,160. large-lot selling by foreign securities houses, as buying interest dwindled to focus almost exclusively on NCB.

Volume rose from 423m shares to an estimated 497m. Declines overwhelmed advances 908 to 211 with 124 unchanged. The Topix index of all first-section stocks shed 22.57 to 1,320.82 and the capital-weighted Nikkei 800 was off 4.22 at 256.73. In London, the ISE/Nikkei 50 index

NCB shares opened higher on media reports of its tie-up with Bankers Trust. It continued to attract attention and ended Y22 higher at Y190 after briefly rising Y50, its maximum allowable daily gain, to Y218.

including banks and securities houses, revived temporarily on newe of NCB'e plans, but fell as foreign investors resumed selling in the afternoon. Sumitomo Bank fell Y60 to Y1,190, Sakura Bank Y16 to Y605 and Bank of Tokyo-Mitsubishi Y70 to Y1,760.

mixed, with some brokers face of political develop-

port to the coalition government on March 30, citing a drift in the economy and alleged failure to check com-JAKARTA moved lower in

spite of a steep rise for Inco following press reports that the mining group planned a share bny-back. The stock jumped Rp700 or 26 per cent financial difficulties, recovto Rp3800 in heavy volume. At the close, the composite index was off 2.66 at 635.55.

straight days on the downside by pushing the composite index up 39.72 or 1.4 per cent to 2.949.02 as investors sought property and banking

drew its make-or-break sup- sell-off, sparked by worries about property lending, had taken the leading index down by almost 10 per cent. However, traders said the worst was not yet over. "It's too early to discount the bears. It looks a classic dead

cat bonnce," said one broker. Megaworld Properties, hit. hard lately by rumours of ered 50 centavos to 6.80 TAIPEI gave up early

MANILA ended seven gains to close with the weighted index off 71.70 at 8,584.12 and 2 per cent short of the day's high. Turnover staved heavy at T\$197bn. A central bank call for

sparked the late selling. Hsu A\$1.94. Reinsurance Anstra-Chia-tung, central bank govstock market turnover and earnings ratio were far result. higher than in other Asian countries. SYDNEY closed higher

after continued gains for

insurance shares but a weaker showing by banks. added 3.7 to 2.392.9. Banks drifted back as investors HK\$8.2bn. reacted to government statements ruling out immediate mergers between the major

banks. ANZ came off 9 cents to A\$7.80 and Commonwealth 6 cents to A\$13.04. Among insurers, National per cent to 1,147.96.

The Congress party with- bargains. The seven-session extra investor caution Mntual rose 6 cents to lia forecast moderate preernor, warned that Taiwan's mium growth this year and fell 30 cents to A\$8.80 as a

> lower for the first time in four sessions as worries about inflation and the property market resurfaced. The Hang Seng index lost The All Ordinaries index 67.98 at 12.358.7 in turnover

that picked up sharply to

HONG KONG turned

KUALA LUMPUR remained out of sorts, still depressed by the central bank's curbs on property and share buying. The composite index fell: 15.89 or 1.4

Transport of

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### FT/S&P ACTUARIES WORLD INDICES

nel Limited, Goldman, Sache & Co. and Standard & Poor's. The Indices are complied by FTSE | Actuaties and the Institute of Actuaries, NetWest Securities Ltd. was a co-founder of the Indices.

REGIONAL MARKETS	ONAL MARKETS							TUESDAY APRIL 6 1997					- DOLLAR INDEX			
Figures in parentheees	US	Day's	Pound			Local	Local	Gross	US	Pound	. ,		Local			Year
show number of lines	Doffer	Change		Yen	DM	Currency	% chg	Div.	Dollar.	Sterling	Yen	DM	Currency !	Z week	52 week	#g0
of stock	Index	*	Index	Index	Index	Index	on day	Yield	Index	Index	Index	Index	Index	High	LOW	(approx)
Australia (76)	217.78	1.1	198.88	174.17	194.70	185.22	1.0	4.10	215.48	198.77	171.85	191.65	183.43	225.77	188.44	199.98
Austria (24)	178.52	-0.8	163.04	142.77	159.60	159.55		1.84	180.01	184.39	145.57		160.07	195.04	174.70	
Belglum (26)	230.49	0.0	210.50	184.33	206.06	201.64		3.54	230.53	210.54	183.57	205.06	200.80	241.54		
Brazil (30)	248.21	0.2	224.85	196.90	220.12	479.66	0.2	1.06	245.65		195.93	218.51	478.48	247.23	149.69	149.69
Canada (114)		-0.2	167,47	146.65	183.94	184.27	-0.2	2.11	183.78	167,84	148.58	153.47	184,84	203.31	154.12	158.55
Denmark (32)	358.02	0.5	325.14	284.72	818.30	317.18		1.68	354.15	323.43	282.47	315.02	314.08	376.96	291,89	
Finland (26)	254.90	1,1	232.79	203.86	227.89	274.60	1.8	1.88	252.23	230.35	201.18	224,35	270.41	288.58	174.47	174.47
France (91)	217.04	0,9	198.21	173.58	194.04	197.00	1.4	2.73	215.08	195,43	171.55	191.92	194.27	226.25	198.94	195.87
Germany (59)	197.83	0.4	180.67	158.21	176,87	178.87	0.9	1,50	197.12	180.03	157.23	175.35	175.35	207.65	164.47	172.85
Hong Kong (86)	451.07	0.2	411.95	360.74	409,28	448.74	0.2	3.36	449.96	410.93	358.88	400.25	447.68	514,49	407.55	437.43
Indonesia (27)		0.1	204.83	179.37	200.52	330.90	0.0	1.81	224.17	204.72	178.79	199,40	330,80	-	_	_
Ireland (16)	327.48	0.9	299.07	261.90	292,78	298.04	1,0	3.18	324.66	296.51	258.95	288.50	295.20	343.35	264,44	265.45
Italy (56)	86.89	0.7	79.36	69,49	77.69	110.18	1.3	2.15	86.26	78.78	68,80	76.73	108.77	96.32	73.28	73.87
Japan (485)	109.05	-1.8	99.59	67.21	97,50	87.21	-1.6	0.89	111.09	101.48	68.60	98.81	88,60	164.68	108.05	
Malaysia (107)	577.86	0,2	527.75	462,15	516.64	557.28	0.2	1.15	578.42	526.43	459.75	512.74	\$55.95	660.65		
Mexico (27)		0.4	1246.18	1091.28	1219.85	11702.90	0.4	1.17	1359,41	1241,50	1084,26	1209.22	11717.27			
Netherland (19)	339.32	1.0	309.69	271.37	303.37			2.61	336.02	308.87	268.01			357.18	278.88	
New Zealand (14),	83.93	0.3	78.65	67.12	75.04	64.23		4,42	83,68	78.42	86.74	74.44	B4.47	95.80	75.84	81.49
Norway (41)	297.79	0,3	271.96	238.18	286.24	282.02	8.0	2.18	296.02	271.17	236.83	264.12	279.77	321.23	239,82	
Philippines (22)	175.21	0.0	160.01	140.12	156.64	230.25	0.0	0.78	175.21	180.01	139.74		230.25			
Singapore (43)	399.99	-0,5	365.30	319.69	357.C1	265.65	-0.5	1.08	402.07	387.20	320.89		267.00	449.15	371.28	437.95
South Africa (44)		0.0	328.52	287.68	321,60	348.93	0,3	2,40	359.68	378.49		e19.95	347.82	381.77	301,49	
Span (35)		0.5	195.92	171.57	191.50	235.91	1.0	2.68	213.38	194.87		189.81	233.56		171.08	
Sweden (49)		-1.1	381.62	334.18	373.58	476.01	-0.7	2.19	422.65	386.00	337.11		479.34			
Switzerland (36)		0.9	232.83	203.90	227.93	232.04	1.1	1.41	252.68	230.77		224.77	230.34		229.36	
Thailand (43)	83.31	-1.3	76.09	66.63	74,49	84.35	-1.3	3.70	84.43	77.11	67.34	75.10		188.23	73.98	
United Kingdom (211)	278.29	0.5	254,15	222.56	248,80	254.15	0.5	3.87	278.83	252.82	220.80		252 52		228.86	
USA (653)		-0.5	282.77	247.62	276.82	309.62	-0.5	1.95	311.29	284.29		278.90	311.29	331.54		
Americas (824)	283.46	-0.5	258.87	228.60	253.42	238.71	-0.5	1.94	284.89	280.18	227 23	253,42	239,91	303.45		
Europe (726)		0.5	220.78	193,34	216.13	225.08	0.8	2.78	240.47	219.81		213.80	223.26	248.97	204.71	
Nordic (150)		-0,4	332.05	290.77	325.00			2.02	365.07	333.41		324,74	357.32			207.86 286.84
Pacific Basin (983)		-1.2	117.73	103.10	115.25			1.44	130.54	119.22		116.12	102.41	177,01		
Euro-Pactric (1609)		-02	150.66	140,70	157.29		-0.0	2.20	176.56	181.07		156.88	148.03	191.51	128,81	767.77
North America (767)		-0.5	275.09	241.42	269,68		-0.5	1.96	303.45	277.13		269.83	302.89	323.89	175.93	
Europe Ex. UK (515)		0.5	197,97	173,36	193.80		1.0	2.15	215.61	198,91		191.79		224.70	248.65	
Pacific Ex. Japan (398)		0,4	268.83	235.41	263.17		0.3	2.89	293.28	297.84		260.88	254.95	320.BS	185.65 268.97	
World Ex. US (1824)		-02	163.95	143.57	160.50		<u></u>	2.18	178.92	154.32		180.05	153.93	193.47		
World Ex. UK (2286)	215.48	-0.5	198.79	172.33	192.65		-0.3	1.87	215.50	197.72		182.58	193.84	228.50	179.10	
World Ex. Japan (1992)	277.78	-0.1	253.69	222.15	248.35		0.0	2.29	278.08	253.95		247.34	288.80		199.58 235.10	
The World Index (2477)	220.B1	-0.4	201.66	178.50	197,41	198.52	-02	2.07	221,63							
			24.144		184 141		742	2.07	221,03	202.41	178.77	197.15	199.02	235.38	202,32	205.80